

Special
Report
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The Nicaraguan Peace Process: A Documentary Record

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Introduction

The Contadora process had as one of its agreed objectives "to promote national reconciliation efforts wherever deep divisions have taken place within society, with a view to fostering participation in democratic political processes." Nicaragua is one of the signatories.

An internal dialogue to promote national reconciliation has been a central feature of President Duarte's policy in El Salvador, where four competitive nationwide elections have been held in 3 years.

The establishment of an effective dialogue for national reconciliation has been a critical necessity in Nicaragua ever since the failure to establish a working democracy, perhaps the fundamental objective of the revolution against the Somoza dictatorship.

This special report provides basic documentation concerning the Nicaraguan peace process, including the Contadora framework, the proposals of the Nicaraguan Catholic bishops and the various opposition groups, and the positions taken since by President Reagan and leaders in the region itself.

The Contadora Framework

The Contadora negotiations involve five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the four members of the Contadora Group (Colombia, Mexico, Panama, and Venezuela).

The text of the basic negotiating objectives agreed to by all nine Contadora countries is reprinted below. Three of the 21 objectives deal with the centrality of democracy and internal reconciliation to the resolution of conflict in Central America.

Contadora Document of Objectives¹

Considering:

The situation prevailing in Central America, which is characterized by an atmosphere of tension that threatens security and peaceful coexistence in the region, and which requires, for its solution, observance of the principles of international law governing the actions of States, especially:

The self-determination of peoples;
Non-intervention;
The sovereign equality of States;
The peaceful settlement of disputes;
Refraining from the threat or use of force;
Respect of the territorial integrity of States;
Pluralism in its various manifestations;
Full support for democratic institutions;
The promotion of social justice;
International co-operation for development;
Respect for and promotion of human rights;
The prohibition of terrorism and subversion;

We want to help opposition groups join the political process in all countries and compete by ballots instead of bullets.

President Reagan,
April 27, 1983

The desire to reconstruct the Central American homeland through progressive integration of its economic, legal and social institutions;

The need for economic co-operation among the States of Central America so as to make a fundamental contribution to the development of their peoples and the strengthening of their independence;

The undertaking to establish, promote or revitalize representative, democratic systems in all the countries of the region;

The unjust economic, social and political structures which exacerbate the conflicts in Central America;

The urgent need to put an end to the tensions and lay the foundations for understanding and solidarity among the countries of the area;

The arms race and the growing arms traffic in Central America, which aggravate political relations in the region and divert economic resources that could be used for development;

The presence of foreign advisers and other forms of foreign military interference in the zone;

The risks that the territory of Central American States may be used for the purpose of conducting military

operations and pursuing policies of destabilization against others;

The need for concerted political efforts in order to encourage dialogue and understanding in Central America, avert the danger of a general spreading of the conflicts, and set in motion the machinery needed to ensure the peaceful coexistence and security of their peoples;

Declare their intention of achieving the following objectives:

To promote detente and put an end to situations of conflict in the area, restraining from taking any action that might jeopardize political confidence or obstruct the achievement of peace, security and stability in the region;

To ensure strict compliance with the aforementioned principles of international law, whose violators will be held accountable;

To respect and ensure the exercise of human, political, civil, economic, social, religious and cultural rights;

To adopt measures conducive to the establishment and, where appropriate, improvement of democratic, representative and pluralistic systems that will guarantee effective popular participation in the decision-making process and ensure that the various currents of opinion have free access to fair and regular elections based on the full observance of citizens' rights;

To promote national reconciliation efforts wherever deep divisions have taken place within society, with a view to fostering participation in democratic political processes in accordance with the law;

To create political conditions intended to ensure the international security, integrity and sovereignty of the State of the region;

To stop the arms race in all its forms and begin negotiations for the control and reduction of current stocks of weapons and on the number of armed troops;

To prevent the installation on their territory of foreign military bases or any other type of foreign military interference;

To conclude agreements to reduce the presence of foreign military advisers and other foreign elements involved in military and security activities, with a view to their elimination;

To establish internal control machinery to prevent the traffic in arms from the territory of any country in the region to the territory of another;

To eliminate the traffic in arms, whether within the region or from outside it, intended for persons, organiza-

¹Emphases added.

tions or groups seeking to destabilize the Governments of Central American countries;

To prevent the use of their own territory by persons, organizations or groups seeking to destabilize the Governments of Central American countries and to refuse to provide them with or permit them to receive military or logistical support;

To refrain from inciting or supporting acts of terrorism, subversion or sabotage in the countries in the area;

To establish and co-ordinate direct communication systems with a view to preventing or, where appropriate, settling incidents between States of the region;

To continue humanitarian aid aimed at helping Central American refugees who have been displaced from their countries of origin, and to create suitable conditions for the voluntary repatriation of such refugees, in consultation with or with the co-operation of the United Nations High Commissioner for Refugees (UNHCR) and other international agencies deemed appropriate;

To undertake economic and social development programs with the aim of promoting well being and an equitable distribution of wealth;

To revitalize and restore economic integration machinery in order to attain sustained development on the basis of solidarity and mutual advance;

To negotiate the provision of external monetary resources which will provide additional means of financing the resumption of intra-regional trade, meet the serious balance-of-payments problems, attract funds for working capital, support programs to extend and restructure production systems and promote medium- and long-term investment projects;

To negotiate better and broader access to international markets in order to increase the volume of trade between the countries of Central America and the rest of the world, particularly the industrialized countries; by means of a revision of trade practices, the elimination of tariff and other barriers, and the achievement of the price stability at a profitable and fair level for the products exported by the countries of the region;

To establish technical co-operation machinery for the planning, programming and implementation of multi-sectoral investment and trade promotion projects.

The Ministers for Foreign Affairs of the Central American countries, with the participation of the countries in the

Contadora Group, have begun negotiations with the aim of preparing for the conclusion of the agreements and the establishment of machinery necessary to formalize and develop the objectives contained in this document, and to bring about the establishment of appropriate verification of monitoring systems. To that end, account will be taken of the initiatives put forward at the meetings convened by the Contadora Group.

Panama City, 9 September 1983

Nicaraguan Calls for Dialogue

The peace process in Nicaragua is framed by the four documents excerpted below.

The Nicaraguan bishops' 1984 Easter Pastoral took stock of the worsening conflict inside Nicaragua and its spillover into neighboring countries in Central America. The bishops called for a dialogue among "all Nicaraguans inside and outside the country . . . [including] Nicaraguans who have taken up arms against the government."

After the elections of November 4, 1984, had failed to provide either free competition or reconciliation, the inter-

If Managua proves responsive to serious negotiations, hopeful vistas open up for the beleaguered peoples of Central America, including those of Nicaragua. . . . We prefer to resolve the conflicts in the region peacefully.

National Bipartisan
Commission
on Central America,
January 10, 1984

nal political resistance—in a February statement issued by the *Coordinadora Democratica Nicaraguense*—reaffirmed its interest in genuine dialogue.

While some resistance leaders, notably Sandinista hero Eden Pastora, continued to stress the need for armed struggle as the only way to end the betrayal of the revolution to the Soviet Union and Cuba, important leaders from both the political and the armed resistance came together to call for

dialogue in a joint statement signed in San Jose, Costa Rica, on March 1, 1985.

On March 22, the Bishops' Council then reemphasized its availability to mediate among all Nicaraguans without exception or favoritism.

Pastoral Letter on Reconciliation From the Nicaraguan Bishops, April 22, 1984

To the priests and deacons in our dioceses:

To members of religious orders:
To catechists and bearers of the Word:

To our brothers and sisters in the apostolic lay movements:

To principals, teachers, and students in Catholic schools:

To all our beloved faithful:

Grace and peace from God our Father and Jesus Christ our Lord.

Dear brothers and sisters:

At this solemn Easter celebration, the ultimate expression of God's love for mankind through the redemption, we invite you to share more fully in the spiritual wealth of the Holy Year, which will be extended in Nicaragua by a special concession from Pope John Paul II until June 17, 1984, the feast of the Holy Trinity.

This extension and the urgent need in our society for sincere and brotherly reconciliation through individual conversion have moved us to send you this exhortation. . . .

II. OUR SITUATION

1. The Problem of Sin in the World

Pope John Paul II, in his message for the 17th World Day of Prayer for Peace on January 1, 1984, expressed his concern about the current world situation, a concern which we, too, share: "Peace is truly precarious, and injustice abounds. Relentless warfare is occurring in many countries, continuing on and on despite the proliferation of deaths, mourning, and destruction, without any apparent progress toward a solution. It is often the innocent who suffer, while passions become inflamed and there is the risk that fear will lead to an extreme situation."

2. In Nicaragua

A. Belligerent Situation:

Our country, too, is plagued by a belligerent situation pitting Nicaraguan against Nicaraguan, and the consequences of this situation could not be sadder:

- Many Nicaraguan youths and men are dying on the battlefields.
- Many others look toward the future with the fear of seeing their own lives prematurely ended.
- A materialistic and atheistic educational system is undermining the consciences of our children.
- Many families are divided by political differences.
- The suffering of mothers who have lost their children, which should merit our great respect, is instead exploited to incite hatred and feed the desire for vengeance.
- Farmworkers and Indians, for whom the Church reserves a special love, are suffering, living in constant anxiety, and many of them are forced to abandon their homes in search of a peace and tranquility that they do not find.
- Some of the mass media, using the language of hate, encourage a spirit of violence.

B. The Church:

One, albeit small, sector of our Church has abandoned ecclesiastical unity and surrendered to the tenets of a materialistic ideology. This sector sows confusion inside and outside Nicaragua through a campaign extolling its own ideas and defaming the legitimate pastors and the faithful who follow them. Censorship of the media makes it impossible to clarify the positions and offer other points of view.

3. Foreign interference

Foreign powers take advantage of our situation to encourage economic and ideological exploitation. They see us as support for their power, without respect for our persons, our history, our culture, and our right to decide our own destiny.

Consequently, the majority of the Nicaraguan people live in fear of their present and uncertainty of their future. They feel deep frustration, clamor for peace and freedom. Yet their voices are not heard, muted by belligerent propaganda on all sides. . . .

III. RESPONSE OF THE CHURCH

1. Conversion and Reconciliation. . . .

2. Confession: the path to conversion. . . .

3. Dialogue:

The road to social peace is possible through dialogue, sincere dialogue that seeks truth and goodness. "That [dialogue] must be a meaningful and generous offer of a meeting of good intentions and not a possible justification for continuing to foment dissension and violence." (John Paul II, Greeting to Nicaragua, March 4, 1983)

***If we do not sit down to talk,
to try to find solutions to our
problems in civilized ways,
with talks . . . the flow of blood
will continue. . . .***

Archbishop of Managua
Obando y Bravo,
April 7, 1985

It is dishonest to constantly blame internal aggression and violence on foreign aggression.

It is useless to blame the evil past for everything without recognizing the problems of the present.

All Nicaraguans inside and outside the country must participate in this dialogue, regardless of ideology, class, or partisan belief. Furthermore, we think that Nicaraguans who have taken up arms against the Government must also participate in this dialogue. If not, there will be no possibility of a settlement, and our people, especially the poorest among them, will continue to suffer and die.

The dialogue of which we speak is not a tactical truce to strengthen positions for further struggle but a sincere effort to seek appropriate solutions to the anguish, pain, exhaustion, and fatigue of the many, many people who long for peace, the many, many people who want to live, to rise from the ashes, to see the warmth of a smile on a child's face, far from terror, in a climate of democratic harmony.

The terrible chain of reactions inherent in friend-enemy dialectics is halted by the word of God, who demands that we love even our enemies and that we forgive them. He urges us to move from distrust and aggressive-

ness to respect and harmony, in a climate conducive to true and objective deliberation on our problems and a prudent search for solutions. The solution is reconciliation (cf. John Paul II, Peace and Reconciliation. Address by the Pope in El Salvador, March 6, 1983).

If we are not open to objective acknowledgement of our situation and the events that distress our people ideologically, politically, and militarily, then we are not prepared, in a true and Christian way, for reconciliation for the sake of the real, living wholeness of our nation.

Considering that freedom of speech is a vital part of the dignity of a human being, and as such is indispensable to the well-being of the nation inasmuch as a country progresses only when there is freedom to generate new ideas, the right to free expression of one's ideas must be recognized.

The great powers, which are involved in this problem for ideological or economic reasons, must leave the Nicaraguans free from coercion. . . .

Done at Managua, April 22, Easter Sunday, 1984 (to be read and published in the usual manner), Episcopal Conference of Nicaragua.

Pablo A. Vega
Bishop of Juigalpa
President

Miguel Obando Bravo
Archbishop of Managua
Leovigildo Lopez Fitoria
Bishop of Granada

Salvador Schlaeffer B.
Bishop of Bluefields

Pedro L. Vilchez V.
Prelate of Jinotega

Bosco Vivas Robelo
Assistant Bishop of Managua
Secretary

Julian Barni
Bishop of Leon

Ruben Lopez Ardon
Bishop of Esteli

Carlos Santi
Bishop of Matagalpa

**Statement of the Coordinadora
Democratica Nicaraguense,
February 22, 1985**

The *Coordinadora Democratica Nicaraguense* (Nicaraguan Democratic Coordinating Board) wishes to make the following known to the people of Nicaragua and the free peoples of the world:

The situation in Nicaragua is deteriorating daily and has reached a state of true anguish. The people are suffering because there is a shortage of food and the salaries are low; there is no work, no medicine, no gasoline, no candles, no toilet paper, no toothpaste, no spare parts. The people are suffering because their children are receiving an education that can be more accurately described as Marxist-Leninist political indoctrination. Day and night, young people live with the fear that they will be unexpectedly detained and sent to perform military service in which they do not believe because it is identified with the interests of the party. Consequently, some choose to leave Nicaragua and others join the ranks of the armed resistance.

Just as our 1978-79 civil war was basically the result of the political intransigence of the Somoza dictatorship, the current civil war, and most of the other evils afflicting the Nicaraguan people, are basically the result of the intransigence of the FSLN [Sandinista National Liberation Front], which has adopted a Marxist-Leninist program and departed from the original plan. Approximately six years under the FSLN government have shown that it has not, to date, brought about liberation, as its name suggests, but rather burdens and subjugation.

... A successful solution will not be attained piecemeal or through separate dialogues involving the government and the farmers, the government and the cattle ranchers, or the government and the labor sector or even from dialogues with foreign governments. A comprehensive, fundamental solution [could] come about through a consensus between all Nicaraguans on a political, social, economic, moral, and human program for a new Nicaragua based on democracy sustained in freedom.

... We know that the number of citizens who no longer expect anything from such a civilized solution is continually growing because previous attempts at dialogue have shown that when the FSLN suggests such a course of action it is doing so, not with the honest desire to negotiate, but rather for the sole purpose of simulating democratic forms of government for foreign consumption. Nevertheless, we believe that there is still a way to bring about the honest, sincere, and effective dialogue that we are seeking and we suggest that the most promising way to bring it about would be to have it convoked, organized, and coordinated by the Episcopal Conference of Nicaragua.

It shares the people's suffering and their yearning for freedom, which has strengthened its moral authority, and it enjoys the absolute confidence of all sectors.

We therefore respectfully invite the Episcopal Conference of Nicaragua to convoke such a dialogue without delay, providing for the representation of all Nicaraguans. In addition we request of the bishops that the dialogue sponsored by them be attended by guarantors whose presence would endorse the commitments made to the Nicaraguan people.

An honest desire to hold such a dialogue should be demonstrated in advance by halting armed actions and lifting the state of emergency for a reasonable period of time during which the dialogue should produce results; through a decree providing for general amnesty as well as complete and effective pardons; and through absolute respect for freedom of expressions, association, and assembly, as well as the rights set forth in the laws on amparo and habeas corpus. . . .

The anguish, the misery, the uncertainty, and the frustration of the Nicaraguan people all call for national dialogue. Let us heed that call.

Document on National Dialogue of the Nicaraguan Resistance, March 1, 1985

We, democratic citizens, representatives of all sectors of the Nicaraguan Resistance, announce to the Nicaraguan people, to the governments and peoples of the Americas and of the world, the following manifesto:

The Present Situation of Nicaragua

In recent years, the Sandinista Front has submerged our people in a crisis without precedent in our national history.

At this time, the impact of this crisis is evident in the economic, political, social and moral spheres of the nation.

This situation is rooted both in the abandonment of the original Program of Government and the Fundamental Statute as well as in the interference of the Soviet bloc in our internal affairs. . . .

The solution to the national crisis can only be found through a genuine understanding among all Nicaraguans that might end the civil war and lead to the reconciliation of the Nicaraguan family.

The proposal [of the opposition, issued on March 1] offers more than a chance for national reconciliation. It lets Nicaraguans remove their fate from foreign hands and restore it to Nicaraguan hands alone.

***Washington Post Editorial,
March 17, 1985***

Members of the Coordinadora Democrática Nicaraguense

- CTN:** *Central de los Trabajadores Nicaraguenses* (Nicaraguan Workers Central)
- CUS:** *Confederacion de la Unidad Sindical* (Confederation of Labor Unity)
- PLC:** *Partido Liberal Constitucionalista* (Liberal Constitutionalist Party)
- PSD:** *Partido Social Democrático* (Social Democratic Party)
- COSEP:** *Consejo Superior de la Empresa Privada* (Superior Private Enterprise Council)
- PSC:** *Partido Social Cristiano* (Social Christian Party)

We wish to emphasize that this initiative is not taken to search for a quota of power, but rather it seeks only to establish in Nicaragua the rule of law which will permit the people to live in peace and to go about resolving our problems within a new constitutional order. . . .

Therefore, in view of the gravity of the moment, and conscious of our civic responsibilities and of the urgent need to save our people from greater suffering, we accept the call of the Nicaraguan Democratic Coordinating Board and exhort the Sandinista Front, for the last time, and in definitive and absolute fashion, to participate in a national dialogue which will end the national crisis. This dialogue should follow these modalities:

Convocation

The Nicaraguan Bishops Conference is the entity with the necessary moral authority to organize and coordinate the national dialogue. In this regard, we reiterate the petition made to it by the Democratic Coordinating Board to convene the national dialogue.

Participants

In order that the dialogue be efficient and produce the desired results, it is necessary to structure it in accordance with Nicaraguan reality. There are two political tendencies in Nicaragua: the totalitarian one which for the moment has accepted the Sandinista Front as its

sion of armed activities, with a ceasefire *in situ*; lifting of the state of emergency; absolute freedom of expression and assembly; general amnesty and pardon for political crimes and related crimes; entry into effect of the right of protective legal procedure (amparo) and *habeas corpus*, adding the granting of full protection of the physical and moral integrity of those members of the resistance who participate in the dialogue, in the event that it should take place in Nicaragua.

The application of these measures should be carried out under the supervision of the guarantor governments.

tional dialogue has not begun or has not progressed in clear and substantial form, it will be definitely suspended by the Nicaraguan Resistance, thereby terminating the possibilities for a peaceful resolution of the national crisis.

If the Nicaraguan Bishops Conference considers it useful to hold conversations with this group for purposes of preparations leading to the speedy realization of the dialogue, we announce our immediate availability to participate in such conversations. To that end we appoint as our representatives Messrs. Arturo J. Cruz, Alfonso Robelo and Adolfo Calero.

May love for our fatherland overcome selfishness and foreign involvement, so that the National Directorate of the Sandinista Front will respond positively to this our last effort to grant to our country a civilized solution.

God Save Nicaragua!

Wide possibilities are opening up for a political solution with the participation of all the sectors of the Nicaraguan population. The example that President Jose Napoleon Duarte gave when he accepted dialogue in El Salvador is relevant to the current Nicaraguan picture.

Carlos Andres Perez,
Vice President of the Socialist
International and former
President of Venezuela,
January 6, 1985

[Signed in San Jose, Costa Rica, March 1, 1985, by Arturo J. Cruz, Alfonso Robelo, Adolfo Calero P., Fernando Chamorro, Pedro J. Chamorro, Fernando Aguero, Indalecio Rodriguez, Carlos Coronel Kautz, Leonel Poveda S., Claudio Picasso, Jose Luis Velasquez, Benjamin Gallo Lacayo, Jaime Morales C., Zacarias Hernandez, Jose Molina, Ulises Fonseca, Felix P. Pastora G., Federico Arguello S., Donald Lacayo N., Jairo Sanchez, Luz Marina Smith.]

vanguard, and the democratic one which is divided into armed organizations and civilian organizations; therefore, the dialogue should be between these two political tendencies so that both can name their respective delegates, as many as the Bishops Conference feels is appropriate.

Observers and Guarantors

We suggest to the Bishops Conference that it request the participation of the Central American governments in the dialogue as guarantors of the agreements which may be reached, given the fact that our fellow Central Americans are, in the final analysis, those which have been most directly affected by the Nicaraguan crisis.

The presence of these governments as guarantors in no way hinders the presence as observers or even as guarantors of other governments and democratic entities of the American continent.

Minimum Requirements

We support fully the minimum requirements demanded by the Democratic Coordinating Board in order to initiate the national dialogue. They are: suspen-

Temporary Permanence of the Executive

If this dialogue is carried out, we pledge to accept that Mr. Daniel Ortega continue acting as head of the Executive Branch until such time as the people pronounce themselves in a plebiscite. During this period, Mr. Ortega should govern in fulfillment of the promises of the Nicaraguan Revolutionary Government Junta contained in the document of July 12, 1979 transmitted to the Secretary General of the Organization of American States, and in fulfillment of the original Program of Government, the Fundamental Statute and the American Human Rights Convention or Pact of San Jose. . . .

Initiation of the National Dialogue, Instrumentation and Deadlines

In order to carry out the national dialogue proposed by the Democratic Coordinating Board, on the basis of the statements contained in this document, and conscious of the Leninist tactic of stalling in order to consolidate the totalitarian program of the Sandinista Front, said dialogue must begin by March 20, 1985. This date cannot be postponed. If by April 20, 1985 the na-

Communique of the Nicaraguan Episcopal Conference, March 22, 1985

The bishops of the Nicaraguan Episcopal Conference after holding a regular meeting at our Episcopal House in Managua to meditate, in light of the Gospel, on the painful current situation in Nicaragua, wish to inform our faithful people and all men of good will of the following:

1. We bishops feel as our own the pain and suffering of all Nicaraguans, without any exceptions.

2. While we pray to our Lord Jesus Christ and to his Holy Mother for our brothers in the countryside and in the cities, we would like to cooperate, on the basis of our pastoral mission as conciliators, in seeking solutions to put an end to so much pain and so many tears.

3. It should be understood that this line of pastoral concern should include all our meetings or talks, be it with the Nicaraguan Government, or with any other person or organized sector in Nicaragua.

4. We feel that under the current circumstances, everything stated in our pastoral letter of 22 April 1984 is still valid, particularly in relation to the dialogue as the path toward conciliation.

5. Under the conviction that violence will never solve a problem from its roots, we express our willingness to mediate in an internal dialogue, as long as the following points are clear:

A. The church cannot impose a dialogue.

B. A dialogue must be accepted by both sides.

C. Our stance must not be interpreted as a political position in favor of a specific party or ideology.

We urge Catholic Church members to work hard at becoming promoters of peace and conciliation in their homes, and we urge our brothers suffering in one way or the other to share their pain with Jesus Christ, in order to obtain forgiveness and achieve harmony among Nicaraguans.

[Signed in Managua by Msgr. Bosco Vivas Robelo, Managua's Auxiliary Bishop and Secretary of the Nicaraguan Episcopal Conference.]

President Reagan's Proposal

"In a sincere effort to start a dialogue aimed at true internal reconciliation which can bring peace and liberty to Nicaragua" (Radio address April 6, 1985), President Reagan on April 4, 1985, added his prestige to the building Nicaraguan peace process.

The President's proposal made clear that because U.S. support for the Nicaraguan resistance had peace and democracy as its priority objectives, that support would be treated as part of the peace process.

Remarks by President Reagan, April 4, 1985

I want to announce today a proposal for peace in Central America that can enable liberty and democracy to prevail in this troubled region and that can protect the security of our own borders, economy, and people.

On March 1 in San Jose, Costa Rica, the leaders of the Nicaraguan democratic resistance met with a broad coalition of other exiled Nicaraguan democrats. They agreed upon and signed a historic proposal to restore peace and democracy in their country.

The members of the democratic resistance offered a cease-fire in return for an agreement by the Nicaraguan regime to begin a dialogue mediated by the Bishops' Conference of the Roman Catholic Church with the goal of restoring democracy through honest elections. To date, the Nicaraguan regime has refused this offer.

What matters is the commitment to democratic institutions governed by regular popular elections. Unlike the guerrillas in El Salvador, we are not demanding power, we are demanding only our rights. . . . we want a constitutional solution.

Arturo Cruz, Sr. and Jr.,
March 18, 1985

The Central American countries, including Nicaragua, have agreed that internal reconciliation is indispensable to regional peace. But we know that, unlike President Duarte of El Salvador who seeks a dialogue with his opponents, the communists in Nicaragua have turned, at least up until now, a cold shoulder to appeals for national reconciliation from the Pope and the Nicaraguan bishops. And we know that without incentives, none of this will change.

For these reasons, great numbers of Nicaraguans are demanding change and taking up arms to fight for the stolen promise of freedom and democracy. Over 15,000 farmers, small merchants, whites, blacks, and Miskito Indians have united to struggle for a true democracy.

We supported democracy in Nicaragua before, and we support democracy today. We supported national reconciliation before, and we support it today. We believe that democracy deserves as much support in Nicaragua as it has received in El Salvador. And we're proud of the help that we've given to El Salvador.

You may recall that in 1981, we were told that the communist guerrillas were mounting a final offensive, the government had no chance, and our approach would lead to greater American involvement. Well, our critics were wrong. Democracy and freedom are winning in El Salvador. President Duarte is pulling his country together and enjoys wide support from the people. And all of this with America's help kept strictly limited.

The formula that worked in El Salvador—support for democracy, self-defense, economic development, and dialogue—will work for the entire region. And we couldn't have ac-

complished this without bipartisan support in Congress, backed up by the National Bipartisan Commission on Central America, headed by Henry Kissinger. And that's why, after months of consulting with congressional leaders and listening carefully to their concerns, I am making the following proposal: I'm calling upon both sides to lay down their

arms and accept the offer of church-mediated talks on internationally supervised elections and an end to the repression now in place against the church, the press, and individual rights.

To the members of the democratic resistance, I ask them to extend their offer of a cease-fire until June 1.

To the Congress, I ask for immediate release of the \$14 million already appropriated. While the cease-fire offer is on the table, I pledge these funds will not be used for arms or munitions. These funds will be used for food, clothing, and medicine and other support for survival. The democratic opposition cannot be a partner in negotiations without these basic necessities.

If the Sandinistas accept this peace offer, I will keep my funding restrictions in effect. But peace negotiations must not become a cover for deception and delay. If there is no agreement after 60 days of negotiations, I will lift these restrictions, unless both sides ask me not to.

I want to emphasize that consistent with the 21 goals of the Contadora process, the United States continues to seek:

1. Nicaragua's implementation of its commitment to democracy made to the Organization of American States;

2. An end to Nicaragua's aggression against its neighbors;

3. A removal of the thousands of Soviet-bloc, Cuban, PLO [Palestine Liberation Organization], Libyan, and other military and security personnel; and

4. A return of the Nicaraguan military to a level of parity with their neighbors.

Now, later today, I will be meeting with Arturo Cruz, Adolfo Calero, and Alfonso Robelo [leaders of the Nicaraguan opposition] to discuss my proposal. Democracy is the road to peace. But if we abandon the brave members of the democratic resistance, we will also remove all constraints on the communists.

Democracy can succeed in Central America, but Congress must release the funds that can create incentives for dialogue and peace. If we provide too little help, our choice will be a communist Central America with communist subversion spreading southward and northward. We face the risk that 100 million people from Panama to our open southern border could come under the control of pro-Soviet regimes and threaten the United States with violence, economic chaos, and a human tidal wave of refugees.

We strongly support President Duarte's dialogue with Salvadoran guerrillas. The lack of a parallel development in Nicaragua was 1984's major disappointment.

Secretary Shultz,
Special Report No. 124,
April 1985

Central America is not condemned to that dark future of endless violence. If the United States meets its obligations to help those now striving for democracy, they can create a bright future in which peace for all Americans will be secure.

So, in the spirit of Easter, let us make this so. I look forward to working with the Congress on this important matter in the coming weeks.

Initial Regional Support

The President's Easter peace proposal focused attention on the need for dialogue as essential to peace in Central America.

President Duarte of El Salvador:

*Letter to President Reagan,
April 4, 1985*

Dear Mr. President:

I want to thank you most sincerely and warmly for your letter delivered to me today which explains your new peace initiative in Nicaragua and Central America. Your initiative and approach have my complete support and I strongly urge all of the friends of Central America in your Congress to give it their full backing. It is the right step at the right time in our quest for peace and democracy in this region. We appreciate as well your continuing strong support for democracy in El Salvador.

As you know, the Salvadoran people have just been to the polls for the fourth time in three years. While we do not yet have the official results, the apparent significant victory of my government and my party is, in my opinion, first and foremost an endorsement of the efforts we have made, with the help of the people and government of the United States, to bring peace, reconciliation and democracy to our own country through an internal dialogue. We believe our approach of opening such a dialogue and offering a full opportunity to all of our Salvadoran brothers to participate in a free and constitutional democratic process in our country should also be offered to all of those who are struggling for democracy in Nicaragua. I speak for all Salvadorans in warmly applauding your efforts.

We remain concerned, as we have been for some time, by the continuing flow of supplies and munitions from Nicaragua to guerrilla forces here in El Salvador which are fighting against my government and our programs of reform, democracy, reconciliation, and peace. This continuing intervention in our internal affairs is of great concern to us and we deeply appreciate any efforts which your government can take to

build a broad barrier to such activities—efforts which a small country like El Salvador cannot take in its own behalf.

Please accept my personal thanks for this courageous step and my best wishes to you and your family.

Sincerely,

JOSE NAPOLEON DUARTE
President of the Republic of
El Salvador
San Salvador.

President Betancur of Colombia:

Press Conference, April 5, 1985

The step the President of the United States has taken fits perfectly within the philosophy and within the reach of the Document of Objectives which the countries of Central America freely signed. . . .

Address to Nation, April 7, 1985

I am in agreement with the President in seeking a dialogue between the Sandinista government and the opposition especially the *Coordinadora Democrática*—all within the spirit of Contadora which seeks national reconciliations and for which the President confirmed to me his support.

President Suazo of Honduras:

*Letter to President Reagan,
April 8, 1985*

Dear Mr. President:

I have received your kind communication of April 4 by which you brought to my attention the efforts that the Government of the United States is making with the purpose of strengthening democratic institutions in Nicaragua and supporting a dialogue between the opposition forces and the Sandinista government with the mediation of the Catholic Church in that country.

Since the month of June 1983, when my government actively participated in the drafting of a document known as "Bases for Peace in Central America," Honduras has firmly supported actions intended to put an end to the armed conflicts being experienced in some Central American countries. We have supported actions of national reconciliation, dialogue, and the free manifestation of popular will as ways which could lead to

the establishment of authentic democratic, pluralistic, and representative institutions in all of the countries in our region.

In this sense, your initiative has the enormous merit of supporting negotiated solutions to the Central American crisis and at the same time positively supporting the efforts of the Nicaraguan people to find peace in democracy.

I very much appreciate the advance notification of actions which your government will take in the near future. For my part, I want to reiterate once again that the government over which I preside will not hesitate even for an instant in its efforts to achieve a comprehensive, regional agreement which is fully verifiable, as is specified in the Twenty-one Objectives approved by the Central American countries in the framework of the Contadora negotiations. In this sense, my government shares and supports the ends that you pursue with this important initiative.

Please accept, Mr. President, my congratulations for this decision while at the same time I reiterate my sentiments of personal respect.

ROBERTO SUAZO CORDOVA
Constitutional President of the
Republic of Honduras

President de la Madrid of Mexico

*Excerpt From Office Communique,
April 8, 1985*

Cessation of hostilities is, in Mexico's opinion, an indispensable objective for the promotion of a climate appropriate for dialogue and negotiation among the countries of the area and among the different political groups within each country. President Reagan's proposal to encourage cessation of hostilities could constitute a forward step in the solution of this delicate conflict.

President Barletta of Panama:

*Excerpt from Foreign Ministry Bulletin,
April 10, 1985*

In President Barletta's opinion, there exist positive elements in President Reagan's proposal. Above all, the proposal moves forward both on the cessation of hostilities in Central America as well as on dialogue instead of confrontation. President Barletta indicated that in any case it is important to open a breathing space that would permit deeper study of President Reagan's proposal in order to determine its true scope. President Barletta indicated his

pleasure with the support President Reagan is giving to the Contadora Group's effort.

President Lusinchi of Venezuela:

*Press Conference, New York,
April 10, 1985*

We believe that [President Reagan's proposal] is valid, as it explores a possibility for a peaceful solution to the internal crisis in Nicaragua. The Nicaraguan Government would not lose anything by entering into conversations with the opposition.

President Febres Cordero of Ecuador:

*Press Conference, New York,
April 10, 1985*

I've already looked favorably on the call for a dialogue. If the left has been suggesting in general a dialogue between the guerrillas and the legitimately constituted government in El Salvador, and all the parties in Guatemala take part in the democratic process, why can't there be a dialogue between the Sandinista Government and the opposition forces?

President Monge of Costa Rica

*Letter to President Reagan,
April 10, 1985*

I feel obliged to convey my enthusiastic support for [the President's] proposal. . . . As a Costa Rican, I should note that my position is justified above all because it is a proposal for a peaceful solution to one of the great problems of our time in Central America, aimed at achieving peace and making possible democracy. Having for many years resolved our problems in a peaceful manner, through the exercise of democracy, Costa Ricans fervently desire that all the peoples of Central America likewise receive the benefits which such procedures convey and that by their means they may resolve their problems, thus definitively distancing Central America from the nightmare of war, both international and civil.

President Alfonsin of Argentina:

*Washington Post, Interview,
April 11, 1985*

I think [President Reagan's proposal] is a positive policy that, if taken up by Latin America, might produce some formula for a solution.

Chronology

June 1979

Anti-Somoza opposition issues communique from San Jose, Costa Rica, promising first free Nicaraguan elections in 100 years.

Resolution of 17th Meeting of Consultation of Foreign Ministers of the Organization of American States (OAS) calls for installation of democratic government in Nicaragua including representatives of all groups opposing the Somoza regime.

July 1979

Anti-Somoza opposition sends cable promising free elections to the Secretary General of the OAS.

Anti-Somoza opposition coalition assumes power in Nicaragua; United States begins economic assistance.

October 1979

General Romero is overthrown in El Salvador by military and civilian group promising extensive political, social and economic reform.

April 1980

Alfonso Robelo resigns from Nicaraguan Government after Sandinistas pack Council of State with its supporters by enlarging the membership from 33 to 47.

March 1980

Agrarian reform begins in El Salvador.

November 1980

Sandinista security forces murder Jorge Salazar. Business group (COSEP) and independent political parties withdraw temporarily from Council of State.

January 1981

Salvadoran FMLN guerrillas, using arms supplied by the Soviet bloc through Nicaragua, launch "final offensive" against the Salvadoran Government; United States suspends aid to Nicaragua.

March 1982

Constituent Assembly election in El Salvador.

October 1982

Declaration of San Jose (signed by Belize, Colombia, Costa Rica, the Dominican Republic, El Salvador, Honduras, Jamaica, and the United States) calls for internal reconciliation and democracy in each Central American country as requirement for regional peace.

January 1983

Contadora peace process launched by Foreign Ministers of Colombia, Mexico, Panama, and Venezuela.

February 1983

El Salvador Peace Commission established, including a representative from the church. Efforts focused on promoting the participation of all social and political sectors in the democratic process.

April 1983

President Reagan announces appointment of a Special Envoy for Central America. Focus included facilitating internal dialogue in both El Salvador and Nicaragua.

September 1983

21-point "Document of Objectives" signed by the five Central American and the four Contadora countries.

December 1983

Nicaraguan opposition *Coordinadora* issues nine-point communique calling for dialogue leading to open elections.

February 1984

Nicaraguan armed opposition FDN offers to lay down arms in exchange for participation in elections.

April 1984

Easter pastoral letter of the Nicaraguan bishops calls for dialogue, including with armed opposition.

May 1984

Jose Napoleon Duarte elected President of El Salvador in run-off election.

September-October 1984

International and regional efforts to induce Sandinistas to allow open, fair competition for November 4 elections fail.

October-November 1984

Salvadoran President Duarte calls at UN General Assembly for dialogue with armed opposition; meetings between government and FMLN take place October 15 at La Palma and November 20 at Ayagualo.

February 1985

Statement calling for church-mediated dialogue issued in Managua by the opposition *Coordinadora*.

March 1985

Document on national dialogue of the Nicaraguan resistance issued in San Jose, Costa Rica.

Communique of the Nicaraguan Episcopal Conference, accepting mediation role in dialogue.

Legislative and municipal elections in El Salvador; fourth free election in 3 years.

April 1985

President Reagan calls on Nicaraguan Government to accept dialogue.

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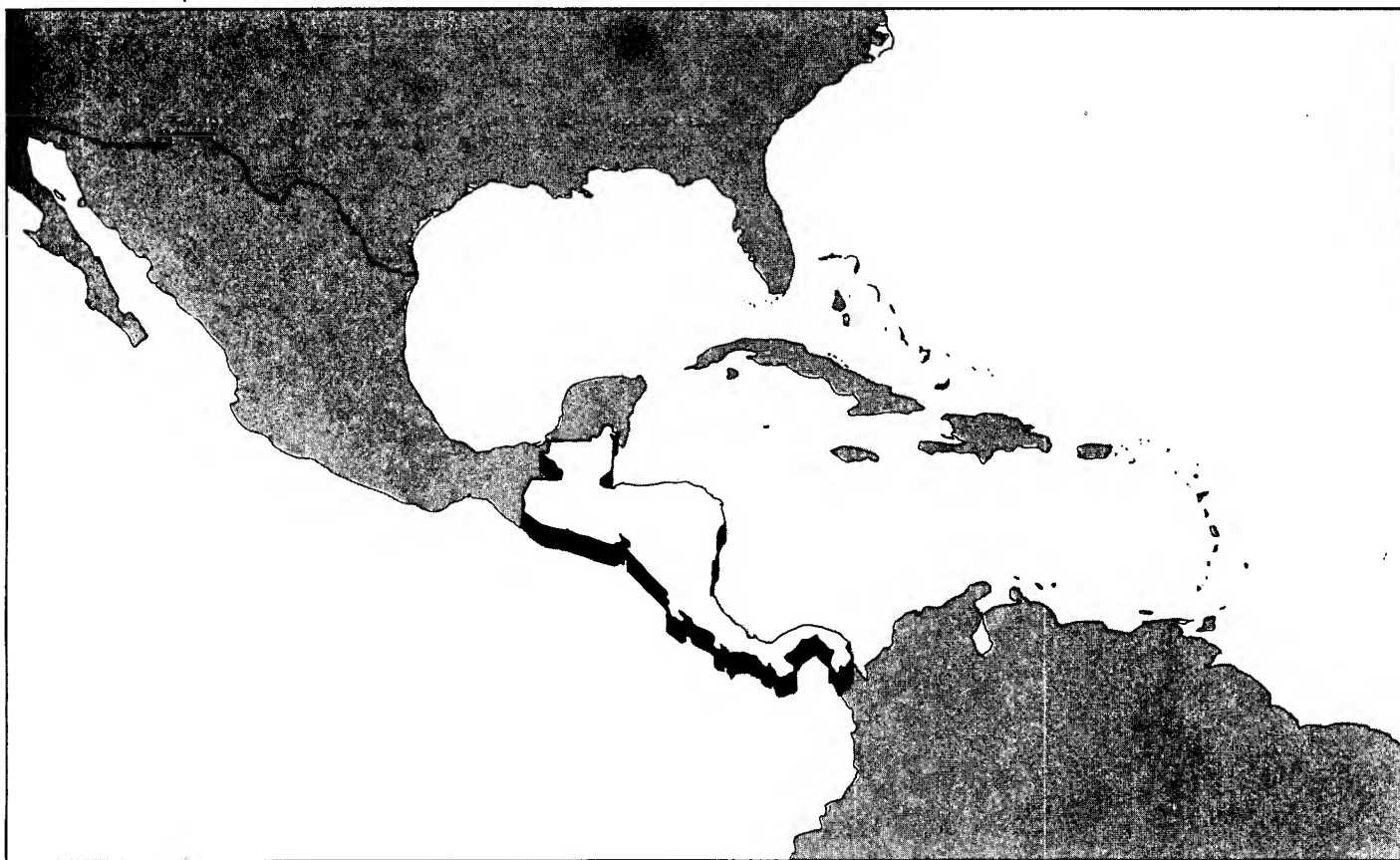
United States Department of State

Sustaining a Consistent Policy in Central America: One Year After the National Bipartisan Commission Report



Report to the President
From the Secretary of State

April 1985



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Letter of Transmittal**Mr. President:**

The National Bipartisan Commission on Central America reported in January 1984 that the crisis in Central America engages vital moral and strategic interests of the United States. During the summer and fall, the Congress made available funds that enabled us to begin to act on many key Commission recommendations.

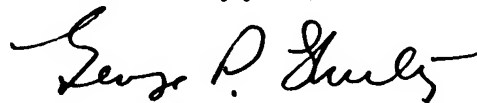
This study assesses how we are doing. A year is a brief period in the history of Central America. But we have begun to change popular attitudes as well as official policy. After years of relative indifference, we are putting a lot more than words into our support for equity, reform, and freedom for all our neighbors.

The events of the past year, while not conclusive, added up to a better year for many Central Americans. The ravages of poverty and violence can be measured by the hundreds of thousands of persons displaced within their own countries or moving to neighboring countries and the United States. But in most countries, the economic decline of recent years was stemmed; political life was more free. In El Salvador President Duarte talked directly to guerrilla leaders; while in the regional Contadora negotiations, some progress took place, buttressed by the effort we undertook at Manzanillo.

Only in Nicaragua did countertrends prevail. While democracy was becoming stronger elsewhere, the Sandinistas continued to betray the democratic principles of the anti-Somoza revolution, refusing to hold free elections or to talk to those Nicaraguans forced again to take up arms against dictatorship. While claiming to seek peaceful solutions, the Sandinistas are militarizing Nicaragua and supporting armed insurrection in other countries in ways that serve Soviet goals of destabilization and conflict.

Every American has a stake in helping our neighbors to build working democracies free of internal or external threats to their freedom and security. A great deal remains to be done. But the fundamental message of the attached study is that hard work and steadiness are making a real difference.

Sincerely yours,



GEORGE P. SHULTZ

The National Bipartisan Commission on Central America (referred to in this study as "the Commission") was named in July 1983 by President Reagan to advise on "a long-term United States policy that will best respond to the challenges of social, economic, and democratic development in the region, and to internal and external threats to its security and stability."

Henry A. Kissinger served as Commission Chairman. The Commissioners were: Nicholas F. Brady, Henry G. Cisneros, William P. Clements, Jr., Carlos F. Diaz-Alejandro, Wilson S. Johnson, Lane Kirkland, Richard M. Scammon, John Silber, Potter Stewart, Robert S. Strauss, and William B.

Walsh. Senior Counselors were Jeane Kirkpatrick, Winston Lord, William D. Rogers, Daniel K. Inouye, Pete V. Domenici, Lloyd Bentsen, Charles McC. Mathias, William S. Broomfield, Jack F. Kemp, James C. Wright, and Michael D. Barnes. Harry W. Shlaudeman served as Executive Director.

This study of where we stand in developing the long-term approach recommended by the Commission was prepared by the Department of State and the Agency for International Development, with assistance from the Departments of Defense and the Treasury, the United States Information Agency, and the Peace Corps.

Summary

The report submitted to the President on January 10, 1984, by the National Bipartisan Commission on Central America is at the core of U.S. policy in Central America. The Commission concluded that fundamental strategic and moral interests of the United States require a long-term national commitment to economic opportunity, human development, democracy, and security in Central America.

The Commission proposed a comprehensive approach—an active diplomacy in support of democracy, supported by economic aid to get at root causes of poverty and social unrest and by security assistance to protect peaceful development.

The Commission recommended an immediate supplemental appropriation of \$400 million and an additional \$8 billion in economic aid for the succeeding 5 years. The Administration's proposal was similar: a \$400 million fiscal year (FY) 1984 supplemental, \$5.9 billion in appropriated funds, and \$2.0 billion in insurance and guarantees for FY 1985-89.

The Commission also recommended increased military assistance to permit the application of modern, humane counterinsurgency strategies which require greater mobility, more training, higher force levels, and more equipment. The Administration proposed a \$259 million supplemental for FY 1984 and \$256 million for FY 1985.

Bipartisan congressional majorities approved increases in both economic and military assistance close to what the Commission recommended and the President proposed for FY 1984-85.

Current Strategy

Our increased economic assistance is being used to:

- Arrest declines in incomes, employment, and economic activity through major balance-of-payments assistance;
- Establish the basis for long-term economic growth through improvements in economic policy and the infrastructure needed to export;
- Assure the widest possible distribution of the benefits of growth

through assistance aimed at improving health, education, and housing for the poorest groups; and

- Support democratic processes and institutions through assistance for the administration of justice, technical training, and the development of leadership skills.

At the same time, security cooperation has been put on a firmer professional footing. The improved performance of the armed forces of El Salvador and the increased readiness of those of Honduras are directly linked to increases in both the quantity and the steadiness of U.S. security assistance and military cooperation.

Results

In Central America as a whole, regular elections have become the norm, and economic decline has been stemmed. After a decline of 4% in 1982-83, gross domestic product (GDP) grew by 1.2% in 1984—not enough to offset population increases but enough to mark a clear turnaround.

The longer term economic framework recommended by the Commission is beginning to take shape. Traditional development assistance—concentrated in education, nutrition, health, and agriculture—has been strengthened. In addition, we have begun to work with governments and legal organizations to improve the administration of justice and to develop new programs for leadership training, and other support for democratic institutions. The trade credit insurance program has been established. The Caribbean Basin Initiative, proposed by the President in 1982, took effect in January 1984, further opening the U.S. market to Central American as well as Caribbean nations for 12 years, until 1996.

A key problem is that Nicaragua continues to support—with Soviet and Cuban resources—antidemocratic forces throughout the isthmus. The security threat to other countries posed by this communist challenge diverts government revenues from development to defense and weakens the productive forces needed to support self-sustaining growth.

The United States continues to support a verifiable and comprehensive peace settlement that implements the Contadora principles. Whether or not an agreement is reached, however, substan-

tial amounts of U.S. aid will continue to be needed to strengthen our neighbors' well-being and security.

Next Steps

This year we again seek bipartisan support for the balanced and mutually reinforcing mix of political, economic, security, and diplomatic activities that the Commission concluded we should pursue simultaneously. For FY 1986, the Administration's economic assistance request totals \$1,053 million; the military request is \$261 million. Legislation that would authorize appropriations for non-military programs for FY 1986-89 would provide a critical assurance of U.S. commitment and an important tool for public and private planning in Central America.

In our FY 1986 foreign assistance authorization proposal, we also have requested the statutory authority to carry out three additional recommendations of the Commission:

- To support comprehensive programs to improve the administration of justice, including investigative and enforcement aspects necessary to assure that evidence is obtained and provided to courts in a professional, timely, and humane manner. Any activities otherwise subject to the Foreign Assistance Act's prohibition on assistance to police (section 660) would be subject to prior notification to the Congress.
- To allow aid recipients to use local currencies generated from appropriated funds to help compensate former owners of land transferred under land reform programs. This would enable the completion of the titling procedure in El Salvador, give increased security to the new owners, and provide capital for domestic investment by local entrepreneurs.
- To help organize and to join a regional forum to provide Central Americans, from the private sector as well as from government, an opportunity to participate in the formulation of strategies for achieving common objectives. The recommendations of this organization would be taken into account in allocating bilateral economic assistance. ■

Central America One Year Later

Almost as soon as the Commission issued its report, developments in Central America began to confirm the accuracy of its analysis and the soundness of its judgment. In early 1984, many in the United States, in Western Europe, and even in Latin America believed that El Salvador was caught in an endless war between the guerrillas of the left and death squads of the right. But the Commission saw a different future. It saw electoral democracy, reform, and political dialogue as realistic alternatives to the antidemocratic violence of the extreme left and right—provided El Salvador's democrats got the support they needed.

Today, El Salvador's problems are closer to resolution than a year ago. In 1984 there were two rounds of national elections leading to the presidential inauguration of Christian Democrat Jose Napoleon Duarte; the trial, conviction, and imprisonment of the murderers of four American churchwomen; changes in military and security personnel and in the procedures which govern their behavior; improved economic and military performance; a marked reduction in the number of political crimes; and President Duarte's initiation of a dialogue with the FMLN/FDR [Farabun-

I do not think [the outside world] has changed. It is the situation in El Salvador which has changed, especially since my election as president.

**President Duarte,
July 19, 1984**

do Martí National Liberation Front/Revolutionary Democratic Front] guerrillas. At the same time, the United States increased both economic and military assistance while West Germany, the United Kingdom, and Japan all resumed or increased aid during 1984.

In Nicaragua, the Commission's analysis—and warnings—were also on the mark. The consolidation of a Marxist-Leninist regime with support from Cuba and the Soviet Union continued and was perceived by Nicaragua's neighbors as increasingly threatening.

The Nicaragua of 1985 is less democratic, more heavily armed, and more closely tied to the Soviet bloc. Support from Western Europe and democratic Latin America is less than it has ever been. Just as a harsher Somoza dictatorship sparked more rebellion, so the *comandantes'* communism has bred increasing armed and unarmed resistance. Whether and, if so, how the Sandinistas can adjust their behavior to the needs of their people and their neighbors is now clearly the most important of Central America's current dilemmas.

Though less in the news than either El Salvador or Nicaragua, Guatemala—Central America's most populous country—also produced political drama in 1984. Shattering the stereotype of hopeless polarization, the Guatemalan electorate turned out in record numbers on July 1, 1984, to support the political center in elections that were open and honest. The Constituent Assembly is scheduled to complete its task this summer. General elections are scheduled for October 27, 1985.

Costa Rica and Honduras feel somewhat less secure today than at the beginning of 1984. This underscores two other key Commission findings: that each Central American country is directly affected by events elsewhere in the isthmus and that the United States is logically regarded as the one nation with both the moral responsibility and military strength to defend the region's democratic course. For both Costa Rica and Honduras, the antidemocratic policies of Sandinista Nicaragua and the apparent lack of consensus in the United States about what to do to help move Nicaragua in a more democratic direction have raised concerns about the longer term reliability of the U.S. commitment.

The past year gives reason to believe that the direction we have begun to take—if consistently sustained—can bring lasting and beneficial change for all Central Americans. But it also remains evident throughout Central America that this will require both the *reliability* of a long-term U.S. commitment and the *confidence* that this commitment will continue to be tied to equity, reform, and freedom. For a region so close to our own borders, no other outcome is compatible with the national interests of the United States.

Economic Stabilization and Growth

To help reverse economic deterioration and the social and political unrest it engenders, the Commission recommended an immediate additional \$400 million in U.S. assistance for emergency stabilization in 1984 and additional funds for balance-of-payments support to finance essential imports for the private sector in 1985. The Commission also recommended economic policy reforms to achieve stabilization, recovery, and economic development.

Except for Nicaragua, Central America's downward economic spiral has been halted. A regional increase in GDP of 1.2% in 1984 followed GDP declines of 3.3% in 1982 and 0.8% in 1983. In El Salvador, where the economy declined calamitously by 25% from 1980 to 1982, GDP leveled out in 1983 and rose an estimated 1.5% in 1984. Our current estimate is that regional GDP (still excluding Nicaragua) will further rise by 2.5% in 1985.

While this is impressive progress and a cause for renewed hope in the region, population increases mean that per capita income levels will not be restored at 1979 levels until at least the early 1990s. For example, Costa Rica, El Salvador, Honduras, and Belize all increased GDP in 1984, but only Costa Rica achieved a positive per capita growth rate.

U.S. assistance programs were critical in achieving these results. Their continuation is essential if these positive trends are to continue.

Stabilization

Economic stabilization is an essential first step in the economic recovery and development process and, therefore, in the achievement of our goals in Central America. The modicum of stability brought about in the region in 1984 reflected positive changes in Central American economic policies as well as U.S. assistance flows.

In Belize, major steps were taken to reduce the fiscal deficit.

In Costa Rica, U.S. economic assistance supported the government's implementation of policies that improved substantially the country's fiscal and balance-of-payments positions.

El Salvador and Guatemala provided stronger incentives to exports through improved exchange rate policies.

In Honduras, the government imposed a moratorium on central government guarantees of debt incurred by autonomous agencies and raised revenue from tariff reform.

In Panama, the government made progress in implementing its stabilization program and is discussing with the International Monetary Fund (IMF) and World Bank continuation of stabilization and structural adjustment programs.

U.S. economic assistance in the amount of \$274 million from the FY 1984 supplemental and \$607 million from the FY 1985 Continuing Resolution provided balance-of-payments support for vital imports and other assistance for economic stabilization. These funds also provided local currency credits for development activities. In addition, assistance totaling \$190 million was authorized to lay the foundation for long-term growth and development. This substantial assistance also helped to make possible the policy reforms that contributed to the fragile stabilization so far achieved.

Long-Term Growth and Development

The Commission recommended that the Central American nations adopt economic policies that would lead to private sector-led, free market-oriented development with an emphasis on nontraditional exports and increased agricultural productivity. It recommended U.S. assistance to regional programs and institutions. The Commission also stressed the need to seek ways to assist the Central American economies through U.S. trade and investment programs.

For growth to take place, the Central American countries must create the conditions for increasing domestic savings and attracting productive investment. Improving investment conditions means stabilizing the economy and ensuring that risk takers, whether foreign or domestic, can reap the benefits of their investments when they succeed. Only when economic and other risk-affecting conditions are such that domestic savers are rewarded for their thrift, and investors for their enterprise, will flight capital return home and new foreign investment begin to flow once again to the region.

This shift away from the statist, import-substitution, antforeign model of the past 20 years requires considerable

political preparation and entails serious economic dislocation. These reforms would be difficult to carry out in peaceful and secure societies; they are especially hard to manage in fragile democracies caught up in the turmoil of armed insurgencies.

Against great odds, real progress has been made.

Belize has liberalized prices and taken steps to encourage livestock exports. The Agency for International Development (AID) has provided a \$5 million line of credit through the Central Bank of Belize for lending to productive enterprises through commercial banks. Contract assistance also is available to local and foreign investors in the preparation of private investment initiatives, primarily in agribusiness.

Costa Rica, where GDP grew by about 6% in 1984, has Central America's most comprehensive economic reform program. It adjusted its exchange rate to maintain export competitiveness and enacted a currency law reform which expands opportunities for private banks. A new IMF standby and a World Bank structural adjustment loan were approved in March. Other efforts are helping to lay a foundation for long-term growth.

- A nongovernmental investment bank to develop investment packages for new export activities is being created with AID assistance.
- A coalition of private business organizations is working with AID to provide training in U.S. business schools to entrepreneurs, bankers, and teachers.
- State enterprises are being divested.
- AID is financing infrastructure in the form of rural road construction, agricultural research and extension, marketing services, production credit, and land titling for the rural population in an area in northern Costa Rica.
- PL 480 food commodity assistance is generating over \$20 million in local currency to provide credit to farmers and promote increased agricultural productivity.

El Salvador has improved incentives to exporters by permitting them to sell their earnings on the more favorable parallel exchange market. The government also has improved the management of foreign exchange and has taken a more active role in the promotion of nontraditional exports.

- A project supported by AID is being implemented by the Ministry of

Foreign Trade to explore new market opportunities in the United States and other countries.

- An international trade fair was organized with AID support and technical assistance from the U.S. Foreign Commercial Service which attracted U.S. and other foreign investors to El Salvador. Several investment proposals resulted.

- A new business organization, "The Salvadoran Foundation for Economic and Social Development," is working with AID assistance to help small business owners, traders, and skilled crafts people develop and promote new export products.

- A new private finance company is being organized with AID assistance that will provide financial and technical support for productive enterprises. The new facility should add flexibility, initiative, and expertise to the commercial banking system.

Guatemala has legalized the parallel exchange market to improve incentives for exporters. Many activities are receiving AID assistance.

- Credit and technical support is being provided to rural industry and artisan enterprises.
- \$16 million in food commodity imports is generating local currency which will be used for the settlement of idle but arable productive lands now in the public domain.
- Land terracing and small-scale irrigation is being introduced in the highlands.
- Research is underway to develop or adopt technologies to increase production and exports of fruits, vegetables, flowers, and plants.

Honduras participates in a joint Honduran-U.S. Economic Working Group which has been formed to develop a rational economic policy framework which favors growth and development. Measures advanced by the group to reduce the fiscal deficit have been enacted by the government. Fiscal incentives were also enacted to promote non-traditional exports.

- AID recently helped establish a confederation of 10 commodity producers' associations, which provides prospective buyers or investors with

"one-stop" assistance, arranges meetings with producers and local investors, and provides information on subjects from production and price information to taxes and export licenses. This initiative is helping to diversify exports from near-exclusive reliance on coffee, bananas, sugar, and beef to a mix of winter vegetables, seafood, melons, pineapples, and other fruits and their byproducts.

- Assistance is also being provided to develop the nonprofit, private Honduran Agricultural Research Foundation.

- U.S. funding is helping thousands of farm families to cultivate hillsides, produce beef and dairy products, and increase the cultivation of coffee on small farms which had been affected by coffee rust.

Panama has committed itself to difficult economic reform measures that are required to manage its huge external debt, reduce fiscal deficits, and create a better economic climate for long-term growth. The new government has introduced tariff reforms, removed some price controls, enacted new tax and budget measures, and is trying to sell some public enterprises to the private sector. U.S. assistance is:

- Helping to work out revisions of Panamanian labor laws, port administration, and electricity rates that will make Panama more attractive to foreign investors;

- Working with the private sector to establish an export development bank to provide medium- and long-term lending to export businesses; and

- Intensifying assistance to Panamanian businesses to develop and promote export-oriented products.

Regional Programs

The Commission also recommended support for regionwide programs.

- A trade credit insurance program has been established which will provide guarantees for up to \$300 million in trade credits this fiscal year.

- Representatives of the Central American governments agreed in December 1984 to guidelines for revision of the Central American Common Market's (CACM) common external tariff with precise changes to be detailed in 1985. We are hopeful that these revisions will pave the way for reduction in the level of protection of goods produced within the region, thereby encouraging local producers to become more competitive.

... these countries are under economic siege. In 1977, 1 barrel of oil was worth 5 pounds of coffee or 155 pounds of sugar. To buy that same barrel of oil today, these small countries must provide five times as much coffee (nearly 26 pounds) or almost twice as much sugar (283 pounds). This economic disaster is consuming our neighbors' money, reserves, and credit, forcing thousands of people to leave for other countries—for the United States, often illegally—and shaking even the most established democracies. And economic disaster has provided a fresh opening to the enemies of freedom, national independence, and peaceful development.

President Reagan
February 24, 1982

The Commission recommended that the United States provide an emergency credit to the Central American Common Market Fund to refinance part of the trade deficits that CACM members have accumulated among themselves. An AID-financed study by independent contractors identified difficulties with this approach. We are proceeding cautiously. We note that Honduras has decided to stimulate its intraregional trade by adopting a new payment system that will allow market forces to play a major role in determining exchange rates on transactions within the CACM system. We have pledged to support this major reform with \$20 million in economic support funds, which will allow the clearing of Honduran arrearages in the Central American Clearing House.

- A recent AID-financed assessment concluded that the Central American Bank for Economic Integration has been an important institutional factor in past regional development, has the capacity to contribute significantly to further infrastructure development and increased industrial production and trade, and can effectively utilize financial assistance from AID. A development assistance and economic support fund (ESF) loan/grant is planned to assist the bank during 1985.

- The Commission also recommended the creation of a Central American development organization to provide an advisory forum for dialogue among all actors—government, business, and labor—on development issues. The Administration continues to seek the authorization of Congress for U.S. Government participation in such an organization.

- The Overseas Private Investment Corporation has continued its support for U.S. investors in Central America and expects to increase its role as new opportunities evolve.

The Caribbean Basin Initiative

The thrust of the Commission's economic recommendations are paralleled by the Administration's philosophy for the Caribbean Basin Initiative (CBI). The 12-year U.S. program of preferential duty-free treatment was implemented on January 1, 1984, for imports from 20 countries and territories in the Caribbean Basin. Belize, Costa Rica, El Salvador, Guatemala, Honduras, and Panama have all been designated.

The fundamental objective of the CBI is to encourage both foreign and domestic investment in the beneficiary countries in efficient and diversified export production. As countries take advantage of the opportunity of preferential entry to the U.S. market, the result should be increased employment, better balance-of-payments positions, enhanced government revenues, and a more diversified and stable industrial structure producing for both domestic and export markets.

The results after 1 year of experience are hard to interpret but, nonetheless, promising. U.S. imports from the six Central American beneficiaries rose by \$220 million, an annual growth rate of 12% for the region as a whole. Although less than the rate of growth of U.S. imports from the world (26%) or from Latin America as a whole (15%), when these gross figures are disaggregated, they reveal important gains in nontraditional exports (that is, exports other than bananas, coffee, sugar, and other commodities), especially from countries that maximized the effect of the CBI tariff benefits by following flexible exchange rate policies. Efforts to develop economic and political climates that support private investment, innovation, and export will be crucial to the ultimate success of the CBI.

Third-Country Support

The Commission called for efforts to encourage other industrial countries to increase support for Central American growth and development. U.S. officials have focused on encouraging other developed countries to improve export opportunities for Central American countries.

In September 1984 the European Community (EC) and the five Central American states decided to negotiate a framework agreement for economic and technical cooperation.

Canada has already increased aid, and Japanese assistance also has grown more modestly.

Mexico and Venezuela have made major contributions by enabling Caribbean Basin countries to apply part of the price of oil they purchase to development projects. In 1980, Mexico and Venezuela established the San Jose accord whereby they provide concessional credit for petroleum purchases by Central American and Caribbean countries. The accord was renewed in August 1984.

Human Development

The Commission warned that economic growth and democratic institutions will have unstable foundations if malnutrition, illiteracy, poor education and health, inadequate housing, and population pressures are not addressed.

Health Initiatives. AID is developing new health initiatives and expanding ongoing programs to fulfill Commission recommendations. To benefit those most prone to infectious diseases and malnutrition—the rural and urban poor—the United States has obligated or authorized more than \$50 million for health services. Technical assistance is concentrated on such sectors as health economics and financing, hospital administration, epidemiology, and immunization. A regional program to improve the nutritional impact of food aid is in the final planning stages.

A new \$8 million Central American regional project promotes a simple, cost-effective technology that cuts deaths from diarrhea, the major killer of children in the developing world. More than 3 million packages based on oral

rehydration therapy have been distributed in Honduras alone. Through effective health services and mass media campaigns, rural and urban Hondurans have become aware of the value of this treatment to combat the debilitating and life-threatening effects of dysentery. In one study area, the mortality rate for children under the age of five was estimated to have dropped by 40% after introduction of oral rehydration therapy. Infant mortality in Honduras dropped from 88/1,000 in 1980 to 78/1,000 in 1984, in large part due to the program's success.

Housing and Infrastructure. The Commission recommended emphasis on development of housing and infrastructure, specifically urging \$200 million in housing guaranty resources to be allocated over 5 years. For FY 1985–89, \$125 million in development assistance, up to \$75 million in economic support fund (ESF), and some \$450 million in local currency generations from ESF programs are currently projected for housing and infrastructure. The emphasis is to be on rural infrastructure development, the use of labor-intensive technology, and the installation or upgrading of infrastructure to support urban shelters. In 1984, \$50 million were in use or programmed for Honduras and Panama. Housing guaranty programs also are being discussed with the Governments of El Salvador and Costa Rica.

Food and Agricultural Assistance. To help meet the immediate nutritional needs of the poor, U.S. concessional food assistance programs (PL 480) to the region increased from about \$90 million in FY 1983 to \$106 million in FY 1984 and to \$111 million this year.

Commitments to Central American agricultural projects and programs in FY 1984 were \$76.5 million and \$10 million in FY 1984 supplemental funds. In addition, local currency generations from PL 480 programs equivalent to \$93.8 million were directed toward the agricultural sector. Such assistance programs have helped to expand agricultural cooperatives, broaden land ownership, and enhance resources available for agricultural credit and investment.

Access to Land. A key element of our human development programs in Central America is expansion of access to land where additional U.S. resources, both human and financial, are being applied. Land ownership encourages long-

term decisions on capital investment and crop selection and is essential for access to credit.

- In El Salvador, the agrarian reform program since 1980 has broadened land ownership by transfer of 20% of Salvador's arable land to peasant families totaling 570,000 persons. Most had been landless. As of February 1985, 64,785 provisional and 12,589 definitive titles had been issued.

- In Honduras, an AID-financed land-titling project registered 14,000 titles benefiting roughly 75,000 farm family members. This achievement more than triples the 4,000 titles granted over the previous 50-year period. The plan is to register up to 70,000 titles by 1987.

Also in Honduras, we are preparing to extend a cooperative development project. In the pilot effort, some 1,300 small farmers with 9,600 acres of land were organized into four cooperatives, producing both food and export crops. They received \$3.5 million in credit for which they have an exemplary repayment record. Their export sales alone generated \$2 million in foreign exchange, and they have capitalized their cooperatives with more than \$250,000.

Demographic Goals. The Central American nations hope to reach their demographic goals by decreasing crude birth rates 1% per year over the next decade. Both education and material support are essential to this effort. In FY 1984 the United States financed \$5.6 million for support of voluntary family planning programs in Central America. AID has budgeted \$15 million for population programs in Central America for FY 1985. In administering programs to assist the free choice of Central Americans in determining family size, AID complies with the August 1984 U.S. policy statement on population assistance.

Employment Programs. In El Salvador, AID contributed to 137,000 full-time jobs in 1984 as part of public works employment programs for the general population and displaced persons. Contributing to these employment levels were AID-financed imports of raw materials and intermediate goods.

Humanitarian Relief. The U.S. Government also has expanded humanitarian relief efforts as recommended by the Commission. One-half million displaced Salvadorans have benefited through the Health and Jobs for Displaced Persons Project and through U.S. contributions to international and private organizations. In August 1984, AID authorized an additional \$60 million for El Salvador which, over the next 3 years, will finance vital services such as health and sanitation services and increased food deliveries and relocation. Congress earmarked \$7.5 million for humanitarian relief for Miskito Indian refugees in southern Honduras; the funds are being used for medical services, immunization, and oral rehydration therapy, and transportation facilities to improve emergency access and provision of agricultural inputs such as seeds and tools.

Educational Opportunities. The Commission also recommended support for programs designed to bring about substantial improvement in the availability and quality of educational opportunities. Thus, using a mix of FY 1984 supplemental and FY 1985 funds:

- In El Salvador, AID is beginning a \$17.68 million program to improve the quality of primary education and make it more available to poor children.
- In Honduras, AID will be providing \$10.86 million to reproduce and distribute textbooks to primary students nationwide.
- In Costa Rica, AID is using \$4.33 million for a program of selected training activities needed for development.
- Panama is receiving \$3.1 million for participant training programs to improve the productivity of selected exported-oriented firms.
- A \$2.05 million project in Belize will provide management, public administration, and technical skills to help the private sector identify and develop jobs for the unemployed.
- In Guatemala, \$22.7 million are being used to implement bilingual education for Indian children. In December 1984, the government adopted a law legalizing the use of Indian languages in public schools and creating a national bilingual education program which these funds will support.

Scholarships. AID and the United States Information Agency (USIA) have developed new special training and exchange programs under which 10,000 Central Americans will be educated in the United States through FY 1990. The programs cover a wide spectrum, from undergraduate education for poor students to advanced research opportunities.

The Central American Peace Scholarships Project (CAPS) was launched by AID in February 1985. The project will provide scholarship opportunities in the United States to approximately 7,000 Central Americans over 5 years, primarily from lower income families. CAPS will offer English language and remedial education as an integral part of the program and has built-in incentives to reward countries that emphasize concern for lower income youth, women, and minorities. Leadership potential is an important selection criterion.

Some 1,200 long-term and short-term participants should be in training in the United States by the end of FY 1985. By FY 1986, participants are to include 450 long-term scholars and 900 short-term trainees. Under the CAPS project, \$2 million from the FY 1984 supplemental appropriations was used to finance the Georgetown University "Central American Students Project." More than 100 Central Americans will participate, as well as some 70 faculty/administrators from Central America and the United States.

The USIA plan for scholarships in Central America totals \$9.5 million in FY 1985. It increases International Visitors, Fulbright, and university linkage grant programs and establishes a new program for undergraduates. Some 430 individuals, one-third of them faculty and administrators, will participate in these programs; 3,000 Central American students, at graduate and undergraduate levels, will be involved over the next 5 fiscal years.

Peace Corps. Working with AID and USIA, the Peace Corps is expanding cooperation with Guatemala, Honduras, Belize, and Costa Rica. The Peace Corps has no operations in El Salvador (for security reasons) or Nicaragua (where the Sandinistas in 1979-80 rejected U.S. offers to send volunteers). A program in Panama is under consideration.

In the Caribbean Basin, the Peace Corps aims to increase agricultural productivity and exports. In response to the Commission's recommendations, the Peace Corps' goal is to raise the number

of volunteers from about 600 to 1,000 in 1985 and to focus cooperative efforts with AID on education. Approximately 80% of the increase in volunteers will be placed in formal and nonformal educational projects. Participating in AID-funded education programs whenever and wherever possible, the other 20% of the volunteers will be assigned to rural self-help housing, health/nutrition, and small enterprise development. There has been good response from AID Country Missions to joint education efforts with the Peace Corps.

Building Democracy

The Commission report identified one strong trend in the region: "Democracy is becoming the rule rather than the exception." Democratic patterns continue to develop in El Salvador, Guatemala, Honduras, and Panama, while democracy remains the norm in Belize and Costa Rica. The Sandinistas, however, continue antidemocratic policies in Nicaragua.

Democratic Practices

In El Salvador democratic political development was affirmed by presidential elections in March and May 1984 in which nearly 80% of the Salvadoran electorate turned out in the presence of hundreds of international observers to elect Jose Napoleon Duarte. Nine political parties representing a broad range of opinion campaigned in the March 1985 legislative and mayoral elections, which completed the constitutional renewal despite guerrilla attacks and harassment.

Political murder in El Salvador by "death squads" declined dramatically from the levels of previous years, particularly after President Duarte took office. Urban killings by guerrilla groups, however, have increased.

Due to the guerrilla threat, the state of siege restricts some constitutional rights. Nevertheless, the government has reinstated the right of assembly for political parties and peaceful organizations, including church and labor groups. Groups sympathetic to the guerrillas have freely run advertisements and held marches, demonstrations, and a human rights congress dominated by anti-government speeches.

Guatemala held a nationwide election on July 1, 1984, to select delegates to a Constituent Assembly. More than 72% of those eligible cast ballots without official interference. Moderate parties won a majority in the Constituent Assembly, which is drafting a new constitution prior to national elections scheduled for October 27, 1985, and a runoff, if necessary, in November. The new Congress will be seated in December 1985, and a new civilian president will be inaugurated next January. The Guatemalan military is maintaining the scrupulous neutrality it adopted for the Constituent Assembly election.

Honduras continues to consolidate the democratic system begun with the 1981 Constitution and presidential election. Following the replacement of the chief of the armed forces and other military officers in March 1984, their successors reaffirmed military support for civilian rule and the 1985 elections. Labor and peasant organizations continue to operate freely and to play a major role in national events. The campaign is underway for presidential and congressional elections scheduled for November 1985. The succession will be the first transfer of power from one elected president to another in Honduras since 1927.

Panama returned to democracy on October 11, 1984. The inauguration of President Barletta and his civilian government culminated a process of political opening begun in 1978. Isolated incidents of violence and a slow vote count punctuated by charges of fraud marred the election, which was otherwise peaceful and marked by a large turnout of voters. The new president has pledged support for the principles of democracy, and, for the first time since 1968, the legislature has significant powers.

Belize held its first postindependence national elections on December 14, 1984. They were peaceful, open, and honest. The opposition won control of the Parliament and the ruling party handed over power on December 17.

Costa Rica remains steadfastly democratic despite pressing economic problems. As President Luis Alberto Monge told the International Labor Organization in Geneva on June 12, 1984: "Democracy works as a means of settling the problems of production and

to win battles in the struggle against underdevelopment and poverty." As a country whose citizens demand respect for the rule of law, Costa Rica has stood up to Sandinista intimidation, most recently over the Christmas eve kidnapping from the Costa Rican Embassy in Managua of a young Nicaraguan who had sought asylum there. President Monge's strong economic policies, backed by an independent legislature, produced the highest growth rate in Central America in 1984.

Nicaragua continued to be the sole exception to the general trend of democratic progress in Central America. During 1984, the Sandinista National Liberation Front (FSLN) increased totalitarian controls over Nicaraguan Government and society through elections that excluded the major democratic opposition coalition and its candidate, former Sandinista junta member Arturo Cruz. Following closely the Cuban model, the FSLN runs the Sandinista Popular Army, the Sandinista Popular Militia, the Sandinista Defense Committees, the Sandinista Neighborhood Committees, and other mass organizations. Centralized government control of the educational system, as well as radio news and all television programming, is in the hands of FSLN cadre assisted by

Responding to internal and external pressures, the Sandinistas held national elections on November 4, 1984. Protracted negotiations took place with the opposition over electoral conditions, but the Sandinistas insisted on keeping their inherent advantage as party, government, and armed forces rolled into one. Censorship of the press, harassment and intimidation of the opposition, and a short campaign period forced the principal opposition parties to coalesce and then to withdraw from the election. Since the "election," the Sandinistas have suppressed or forced into exile many of the remaining leaders of the democratic opposition.

Democratic Institutions

The Commission identified strengthening of democratic institutions and support for countries in transition to democracy as essential to U.S. interests in Central America. This recommendation reinforces for Central America the President's 1982 announcement to the British Parliament that the United States would make a major effort to help "foster the infrastructure of democracy around the world."

Our objective in Central America is to help develop or strengthen institutional capacity for peacefully brokering

Democracy works as a means of settling the problems of production and to win battles in the struggle against underdevelopment and poverty.

President Monge,
June 12, 1984

some 2,000 Cuban teachers. The government publishes one newspaper, enjoys the uncritical support of a second, and exercises stringent prior censorship of the only opposition paper, *La Prensa*. One of its most effective instruments of political control is the ration card issued by the Sandinista Defense Committees. Since August 1984—when the government took over the distribution of corn, beans, rice, cooking oil, sugar, salt, soap, and sorghum—the ration card has become an instrument of control affecting the means to acquire even basic staples.

issues that might otherwise be exploited by antidemocratic forces. The trend toward more democratic government provides many opportunities to increase our support for democratic institutions and processes from the national to the community level.

To help individual Central American countries carry out fair elections and to build a permanent institutional capacity within the region to provide this assistance, AID is supporting the Center for Electoral Advice and Promotion, an autonomous, permanent activity of the Inter-American Institute of Human Rights located in San Jose, Costa Rica. The center is a key source of technical advice and assistance to electoral

tribunals and private institutions on designing and implementing electoral systems and procedures; for observation and evaluation by impartial experts of how elections are conducted; and for sponsorship of conferences, research, and other activities that generate broad support for representative democracy.

We also support efforts to improve electoral systems on a country-specific basis. The FY 1984 El Salvador election project enabled the Central Elections Council to modernize and improve its registration and vote tabulation procedures, to conduct a broader public education campaign on eligibility requirements and voting procedures, and to expand the number of international observers present at the May 1984 presidential election. The system developed also was employed for the March 1985 legislative and municipal elections.

In Honduras, AID has provided \$5 million in locally generated currencies to the recently established National Electoral Tribunal to help develop a nonpartisan, comprehensive national voter registration system. This funding has been used primarily for computer equipment and technical training and assistance.

In leadership development and civic education, AID is helping to finance programs of the Partners of the Americas aimed at promoting the democratic process in decisionmaking at the community level. Civic leaders are being prepared as trainers in techniques of problem solving, community action, and civic responsibilities, so that they may help the citizens of their communities become informed participants in the local political process.

We also are developing a pilot regional leadership development program with a private institution in Costa Rica, the Center for Research and Training in Political Administration, which would offer young political leaders from the Central American countries professional, nonpartisan training in grassroots organizations, labor-management relations, local government, interest groups, negotiations, and public relations.

Another important assistance area is support for legislative bodies. AID pro-

poses to facilitate sharing with Central Americans a highly successfully experience in the Dominican Republic. With AID assistance, a Dominican university developed and implemented a training program for new legislators in 1982. The Dominican Congress is now planning to establish a center which will train legislators, members of the executive branch, and city council; undertake studies on policy issues; maintain a reference center; and provide internships for students. We plan to assist representatives from the Dominican university and Congress to work with appropriate institutions in Central America to develop similar programs.

USIA also has increased its programming of U.S. speakers traveling to Central America and International Visitors invited to the United States to discuss democratic processes. For example, special delegations of journalists and legislators from Costa Rica, El Salvador, Guatemala, and Honduras were brought to the United States to observe the November 1984 U.S. elections.

Nongovernmental efforts to strengthen democratic development abroad also have increased, particularly those of the National Endowment for Democracy and affiliated institutes of the U.S. Chamber of Commerce, the AFL-CIO, and the Republican and Democratic Parties. The Free Trade Union Institute of the AFL-CIO has provided assistance in the form of loans, medical assistance, and family resettlement support to democratic trade unionists from Nicaragua now living in exile in Costa Rica. The National Endowment for Democracy has given a grant to the Center for Political Studies in Guatemala for activities aimed at bolstering the transition to democracy. The Endowment has also funded national seminars in Honduras to promote political awareness among non-Marxist labor and peasant leaders.

This innovative and long overdue focus on the political and organizational dimensions of democracy has received widespread support in Central America.

Administration of Justice

Implementing the recommendation of the Commission report, we have begun an intensive effort to help the Central Americans strengthen their judicial systems. Indeed, in his speech to the November 1984 General Assembly of the Organization of American States (OAS), Secretary Shultz highlighted the importance of the administration of justice to the consolidation of democracy throughout the hemisphere.

In September 1984, the United States committed \$9.23 million in FY 1984-85 ESF funds for a 3-5 year program in support of the Salvadoran Government's effort to strengthen the administration of justice. This program includes:

- Support for a revisory commission to identify the legislative, procedural, and administrative problems that prevent the judicial system from functioning effectively and to design and oversee the implementation of solutions to those problems;
- Support for a criminological institute, which is to include a permanent investigative capability and a modern forensic laboratory;
- Support for a judicial protection capacity (which began with U.S. funding to provide security for the trial of the murderers of the four U.S. churchwomen) to help shield participants in the judicial process from intimidation; and
- Assistance to the court system to improve general efficiency and responsiveness.

Under the program, an intensive, 6-week training of the initial group of investigator recruits was completed in Puerto Rico, and a full-time trainer-consultant in criminal investigation has been assigned to work with the unit and to assist the Government of El Salvador in planning the operation of the criminological institute.

The efforts of President Duarte, continuing those of President Magana, demonstrate the Salvadoran Government's commitment to improving the administration of justice. Despite the notable success evident in the May 1984 conviction of the killers of the U.S. churchwomen, President Duarte still

faces an extremely difficult political task in brokering enduring reforms among the executive, legislative, and judicial branches. Strong, continued U.S. support will be necessary.

Significant changes also are being made elsewhere in the region. A new criminal code went into effect in Honduras on March 13, 1985. The need to improve the judicial system has already become a nonpartisan campaign pledge by candidates of both the government and opposition parties. Guatemala abolished secret courts on September 7, 1983. Administration of justice and

On March 22, 1985, the United States and ILANUD signed an agreement to begin a 5-year, \$10 million regional project to expand training and technical assistance to Costa Rica, the Dominican Republic, El Salvador, Honduras, and Panama and to Guatemala as it returns to civilian rule. This project will enable ILANUD and third-country experts to provide technical assistance to all elements of national judicial systems—from legal reform commissions to Supreme Courts to justices of the peace, from court administrators to prosecutors and public defenders. The project will provide scholarships for

One way to fight the terrorists, the drug traffickers, and all who abuse human life and dignity, is to develop the capacity of our legal systems to render independent, fair, timely, and accessible justice. . . . It is fundamental that in a democratic society all citizens have access to means for effective enforcement of their civil, political, economic, and social rights.

Secretary Shultz,
November 12, 1984

human rights are key concerns in the drafting of the new Guatemalan Constitution.

During the past year, the United States supported a conference of Central American bar associations in Costa Rica, a workshop on the administration of justice at the annual meeting of the Inter-American Bar Association in Panama, and participation of Central Americans in an American Bar Association meeting in Texas. The Inter-American Bar Association is making the administration of justice the central theme at its September 1985 annual meeting.

The U.S. Government funded scholarships for students from El Salvador, Honduras, and Costa Rica for graduate study at the University of Costa Rica Law School. We also provided funding for Central American judges and prosecutors to participate in courses at the UN-affiliated Latin American Institute on the Prevention of Crime and Treatment of Offenders (ILANUD) in San Jose.

graduate legal training and continuing legal education at the University of Costa Rica and support an enhanced law program at the University of Honduras. It also will involve bar associations and other organizations able to contribute to strengthening networks of legal professionals committed to judicial reform and to the exchange of ideas and information on improvements to the administration of justice. This innovative project supports the 3-5 year program for El Salvador.

The Administration strongly concurs with the Commission's recommendation that we help to strengthen the entire process of administration of justice, including support for agencies responsible for criminal investigations. An exception to Section 660 of the Foreign Assistance Act enabled us to move ahead with training and other support for the investigative and judicial protection programs in El Salvador. In the FY 1986 Foreign Assistance Authorization bill we requested that the exception be extended to all of Latin America under carefully defined conditions and subject to prior notification to the Congress.

Security

The Commission encountered a sobering security situation in Central America. During the 1970s, the steady growth of Cuban military power, backed by the direct Soviet military presence in Cuba, was accompanied by reductions in U.S. military presence in the Caribbean Basin. Then, after the Sandinistas came to power in Nicaragua in 1979, the U.S.S.R. shifted from opposition to support of Cuban advocacy of armed struggle. The belief that revolutionary conditions prevailed throughout Central America, especially in El Salvador, was widespread.

Summarizing the strategic significance of Central America to the United States, the Commission consensus was that our national security interests include:

- Preventing developments that might require allocating large resources to defend the southern approaches to the United States;
- Forestalling threats to the Caribbean shipping lanes;
- Avoiding a proliferation of Marxist-Leninist states that would increase violence, dislocation, and political repression; and
- Ending the erosion of our ability to influence events, which would result from a perception that we were unable to protect vital interests so close to the United States.

In 1984, El Salvador's elected government and increasingly professional armed forces made significant progress in dealing with the guerrilla war as a political as well as a military struggle. But the activities of Cuba and Nicaragua, with sizable Soviet cooperation and material support, continue to pose a serious threat to Central American governments and to U.S. interests in the region. Direct Soviet arms deliveries to Nicaragua and Nicaragua's continued support for the armed insurgency in El Salvador underline again the gravity of current security concerns and of the potential strategic risks at stake.

Nicaragua

For all of these reasons, the consolidation of a Marxist-Leninist regime in Managua would be seen by its neighbors as constituting a permanent security threat.

Because of its secretive nature, the existence of a political order on the Cuban model in Nicaragua would pose major difficulties in negotiating, implementing, and verifying any Sandinista commitment to refrain from supporting insurgency and subversion in other countries. In this sense, the development of an open political system in Nicaragua, with a free press and an active opposition, would provide an important security guarantee for the other countries of the region and would be a key element in any negotiated settlement.

The Commission Report,
Chapter 7

In the year since the Commission issued its report, the Sandinista National Liberation Front (FSLN) further consolidated its control over the Nicaraguan Government and continued its military buildup. After the November 4 "elections," Soviet arms deliveries increased dramatically. During the past 12 months Nicaragua:

- Increased its armed forces to 62,000 active duty personnel and a total force of 119,000, including reserves and militia, while announcing the intention to expand even further through mandatory conscription;
- Acquired Soviet MI-24 Hind attack helicopter gunships;
- Expanded its military inventory to 150 T-54, T-55, and PT-76 tanks; 300 other armored vehicles; and some 300-400 surface-to-air missiles;
- Neared completion of a runway long enough to service any aircraft in the Soviet or Cuban inventory at Punta Huete outside Managua; and
- Deepened security links to Cuba and the Soviet Union as well as to radical states, such as North Korea, Libya, and Iran.

Nicaragua serves as a conduit for money, arms, munitions, medical supplies, and communications and logistical support to the Salvadoran guerrillas. The Salvadoran guerrillas maintain training facilities and command and control centers in Nicaragua. However, there are indications that some Salvadoran guerrilla units are experiencing difficulties in receiving supplies. This disruption of supplies is due to several factors, including more effective intelligence and patrol operations by Salvadoran Government forces, more active Honduran patrols along the border and in refugee camps, and armed resistance activities within Nicaragua.

El Salvador

There might be an argument for doing nothing to help the government of El Salvador. There might be an argument for doing a great deal more. There is, however, no logical argument for giving some aid but not enough. The worst possible policy for El Salvador is to provide just enough aid to keep the war going, but too little to wage it successfully.

The Commission Report,
Chapter 6

The Administration and Congress approved the Commission's recommendations to significantly increase military aid to El Salvador. This assistance is already making a positive difference in the military situation.

As recommended by the Commission, U.S. military aid has been administered with close and continual attention to human rights considerations. Under Public Law 98-332, the Executive now reports to Congress on El Salvador every 60 days. The four reports issued so far document steady improvements in respect for human rights by the Government and armed forces of El Salvador. The number of civilian deaths attributable to political violence has declined sharply. The Federal Bureau of Investigation is investigating individuals residing in the United States who may be directing, financing, or otherwise involved in "death squad" activities in El Salvador.

In its treatment of the guerrilla war in El Salvador, the Commission felt that it was imperative to settle on a level of

aid related to the operational requirements of a humane counterinsurgency strategy and to sustain that aid over time. The Commission specifically recommended providing the Salvadorans with increased air and ground mobility; increased training; support for higher force levels; greater stocks of equipment; and better troop conditions, especially an improved capability to evacuate the wounded and to provide prompt medical attention.

These recommendations formed the basis for the Administration's request for increased assistance to El Salvador, which was included in two supplemental appropriation bills passed by Congress. In June 1984 the Congress passed an urgent supplemental including \$61.8 million in military assistance. In the FY 1984 supplemental, the Congress appropriated an additional \$70 million. Together with the FY 1984 Continuing Resolution, military assistance for El Salvador in FY 1984 amounted to \$197 million. Though short of the \$243 million requested by the Administration, it was, nonetheless, a substantial increase over the \$81 million appropriated for FY 1983. For FY 1985 Congress appropriated \$128.25 million, \$4 million short of the amount requested.

With U.S. support, including training as well as materiel, the Salvadoran Armed Forces have been able to maintain the battlefield initiative. They are now larger, better trained and led, and have improved mobility and communications. In addition, the military now has an aeromedical evacuation capability which, together with an expanded corps of trained medics, has improved morale and decreased the mortality rate among wounded Salvadoran troops. The arrival of two C-47 aircraft with mounted machine guns has provided the armed forces with the capacity to respond to units under attack by guerrilla forces. On January 7 and 8, 1985, a Salvadoran Army battalion withstood a guerrilla force twice its size because of the critical help of the armed C-47s. The Salvadoran military will occasionally suffer some battlefield setbacks, but it is undoubtedly a better military force now than a year ago.

As anticipated by the Commission, this improvement in the military situation for the Salvadoran Government contributed to the FMLN/FDR decision to accept President Duarte's October 1984 offer at the United Nations to meet with

the insurgents. This historic step offers some hope for the eventual reincorporation of FMLN/FDR members into the greatly strengthened Salvadoran democratic process. The short-term results, however, have been disappointing. That the guerrillas have by no means abandoned the goal of complete power is evidenced in their intransigent November 30, 1984, demands for power-sharing, recognition of areas "under guerrilla control," the amalgamation of government and guerrilla forces, and the formation of a new government as preconditions for elections.

Still, the guerrillas are beginning to demonstrate a lack of resolution in the face of the Salvadoran military's increased effectiveness and professionalism. The increased ability of government troops also has strengthened President Duarte's hand in dealing with the armed forces as an institution. The more self-confident military knows that the peace dialogue can be limited to a constitutionally based discussion of the FMLN/FDR's participation in the democratic process.

The humane pursuit of the war has been a central theme for President Duarte and his government. At La Palma and again at Ayagualo, Salvadoran officials proposed an agreement to end all attacks on the economic infrastructure and populated areas. Although their proposals were rebuffed by the FMLN/FDR, President Duarte has enforced strict compliance with rules of engagement to minimize noncombatant casualties. The government's National Plan envisions the extension of increased government services and programs to the civilian population in conflictive areas. We strongly support efforts to monitor closely the rules of battlefield engagement and to increase assistance to the National Plan to help displaced persons.

Other Regional Security Developments

Beyond El Salvador and Nicaragua, the principal security concerns of the Commission report, significant security developments took place in Honduras, Guatemala, and Costa Rica.

Honduras. The military buildup in Nicaragua has placed new pressure on Honduras to modernize its small armed forces, less than one-fifth the size of Nicaragua's expanded military apparatus. U.S. security assistance to Honduras (\$77 million in FY 1984) helped to upgrade the mobility, firepower, and

reaction capabilities of the Honduran military. With our assistance the Honduran Armed Forces are being restructured to respond to security threats from Nicaragua and from Salvadoran guerrillas seeking sanctuary along the border with El Salvador. We have developed a pattern of close cooperation with Honduras on regional issues. We have been discussing with the Hondurans how both security and economic aspects of that relationship might be revised to reflect current circumstances and to achieve mutually shared objectives. These discussions are continuing.

Guatemala. The Commission noted the continuation of insurgency in Guatemala and the successful efforts of the military to combat the guerrillas through aggressive small-unit patrols and civil affairs programs. In the past year the Guatemalan Army continued to limit guerrilla operations in rural areas. The Mexican Government's decision in 1984 to move Guatemalan refugees from border camps to a region further inland helped improve Guatemalan-Mexican relations and deprived guerrillas of possible sources of logistics support and recuperation.

Guatemala's enlargement of the local civil defense force to 900,000 members also has played a key role in reducing insurgent activity. These largely unarmed forces, while defending their communities, also provide intelligence on guerrilla movements, thereby limiting guerrilla mobility in the countryside. Despite army successes, the shortage of spare parts for helicopters and other supplies hampers the government's ability to respond to guerrilla activity. The insurgents have promised to intensify their activities in the months leading up to general elections in October 1985. Although some abuses at the local level continue, the Guatemalan military now accepts the political need to allow dissent and to focus not on indiscriminate repression but development as the best, long-run counterinsurgency strategy.

The Commission encouraged civic action to address the root causes of insurgency. The Guatemalan Government, in fact, devotes considerable army manpower to such activities, which they designate "civil affairs" and which emphasizes the need for overall coordination of rural development. In addition, the National Reconstruction Committee has rebuilt several dozen towns destroyed in heavy fighting in 1981-82 and is encouraging refugees and displaced persons to return to their homes and land.

Costa Rica. Tensions between Costa Rica and Nicaragua increased in 1984 and early 1985. Armed incidents along their common border pointed to Costa Rican vulnerabilities. U.S. assistance is directed at upgrading Costa Rica's border-monitoring capabilities, professionalization of Civil Guard personnel, and the development of a reaction unit for preserving border integrity.

U.S. Security Assistance and Military Presence

The United States is committed to providing the necessary security for the protection of democratic processes in the region. This "security shield" consists of military assistance, training, exercises, naval maneuvers, and construction programs, including:

- \$321 million in FY 1984 and \$237 million in FY 1985 in military assistance—MAP grants, FMS credits, and IMET;
- Training under IMET of military personnel from five Central American countries—748 with FY 1984 funds and 1,076 with FY 1985 funds in U.S. and Panama Canal area schools (these figures exclude soldiers trained by U.S. Mobile Training Teams sent to specific countries for brief periods of time);
- Enhancement of regional military cooperation through major combined exercises, such as "Ahuas TARA II" and "Granadero I" as well as a series of small-scale deployment exercises to enhance the joint readiness of U.S. and allied Armed Forces in the region;
- U.S. naval deployments near Central American waters and the "King's Guard" combined naval surveillance and interdiction exercises with the Honduran and Salvadoran Navies in the Gulf of Fonseca; and
- Completion of airfield improvements at Palmerola and La Ceiba that increase Honduran military mobility.

In the fall of 1984, the School of the Americas operated by the U.S. Army was moved when, in compliance with the Panama Canal Treaty, its operations in Panama were discontinued. The school has reopened at Ft. Benning, Georgia, and will be in full operation by December 1985.

In 18 months of operation, the Regional Military Training Center in Honduras trained some 9,000 Central American military and security person-

nel. One of its notable contributions was to facilitate the rapid, but professionally sound, buildup of the Salvadoran Armed Forces during the critical election year of 1984. The Salvadoran military now has its own basic training center at La Union.

These U.S. security assistance and military activities were in harmony with the Commission's judgments and recommendations. However, the gap in the military capabilities among the region's individual countries increased substantially during 1984.

- Despite some \$77 million in U.S. security assistance, the modernization of the Honduran Armed Forces did not keep pace with the Nicaraguan military buildup.

- Despite \$9 million in MAP and \$133,000 in IMET, Costa Rica was in a similar situation, with its 8,000 Civil and Rural Guards relying almost exclusively on small arms.

The security threat—primarily in the form of Soviet-bloc arms deliveries to Nicaragua and the expansion of the Sandinista armed forces and paramilitary organizations—may still be growing at a faster pace than the policy and response capabilities of the United States and the Central American democracies.

The Search For Peace

... we would surely welcome genuine Nicaraguan interest in peace. All we are asking is that the Sandinistas commit themselves to specific, concrete, and far-reaching actions that would show their good faith interest in peace—actions involving no more than they committed themselves to 5 years ago[:] stop exporting subversion to their neighbors; ... reduce their bloated military to restore regional balance; sever military ties with Cuba and the Soviet bloc; and begin to honor their promises to the Organization of American States to create a democratic, pluralistic system.

Vice President Bush,
February 28, 1985

U.S. support for regional diplomatic peace efforts is strong, consistent, and undiminished. We have repeatedly made clear in private communications and public statements our willingness to support and abide by a comprehensive and fully verifiable implementation of the Contadora Document of Objectives of September 9, 1983.¹

During 1984, U.S. diplomacy pursued the Commission's recommendations that we test "Nicaragua's willingness to enter into a general agreement" and support efforts of the Contadora Group to find a comprehensive reciprocal and verifiable approach to the Central American crisis.

The Office of the Ambassador at Large and Special Envoy for Central America has proven to be an effective means for implementing this diplomacy. The incumbent, Ambassador Harry W. Shlaudeman, made 27 trips to Latin America between March 1984 and March 1985, holding 139 meetings with chiefs of state and senior Foreign Ministry officials.

The Contadora Process

The Contadora process has been the centerpiece of diplomacy among the regional countries since early 1983. Although negotiations were stalled in February 1985 by a dispute over political asylum between Nicaragua and Costa Rica, the Contadora Group scheduled a new round for April.

Three drafts of a final agreement were prepared in 1984. A draft "Contadora Act for Peace and Cooperation in Central America" was prepared by the Contadora Group in June. After initial discussions, the Contadora Group prepared a second draft which it presented to the five Central American states on September 7. Nicaragua announced on September 21 that it would

¹The nine countries participating in the Contadora process formally agreed to this document as containing the objectives of their negotiations. These countries are the four members of the Contadora Group (Colombia, Mexico, Panama, and Venezuela) and the five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua).

sign this draft provided it was not modified and called on the United States to adhere to an additional protocol.

The other Central American governments welcomed this draft as a positive step but cited the need to strengthen provisions for verification and control and to provide for a more balanced and orderly implementation of its security provisions in particular.

U.S. spokesmen noted that the September 7 draft was much improved and that its elaboration was a positive step in the negotiating process. We also stated our view that provisions for verification needed to be strengthened. In consultations with Contadora participants, we stressed that our textual reservations are in no way to be equated with opposition to an effective treaty, which we would support.

On October 20, El Salvador, Costa Rica, and Honduras proposed another draft, incorporating the specific changes they felt necessary. Extensive consultations among the Contadora participants as to how the September and October versions might be reconciled took place on the margins of the OAS General Assembly in Brasilia November 12–16 and have continued through normal diplomatic channels.

The elaboration of several drafts in 1984 suggests that the Contadora process could make rapid progress in 1985. With negotiations about to resume, the key question is whether Nicaragua is willing to negotiate.

Bilateral Conversations With Nicaragua

We also have supported the Contadora process in bilateral talks with Nicaragua held in Manzanillo, Mexico. These discussions were begun at the request of the President of Mexico, acting on behalf of the Contadora Group. Secretary Shultz visited Managua on June 1, 1984, to begin the process. Since then, there have been nine rounds of talks between Special Envoy Harry W. Shlaudeman and Nicaraguan Vice Minister of Foreign Affairs Victor Hugo Tinoco. To give the talks the maximum chance to succeed, the two sides agreed not to discuss publicly their specific content. Although the Nicaraguans have publicly characterized the talks in a

general way, they have largely abided by this rule of confidentiality, as have we.

In mid-January we decided not to schedule further bilateral talks due to concern that Nicaragua was using them to avoid comprehensive negotiations within Contadora's multilateral framework. The Manzanillo talks have been useful in permitting each side to present its concerns fully to the other, but they have made no substantive progress. We undertook the Manzanillo talks in hopes of facilitating a successful outcome of the multilateral Contadora process. Any bilateral agreement necessarily would be incomplete with respect to all elements of the regional crisis. Arms and troop-level reductions, for example, can only be negotiated between Nicaragua and its neighbors. Nicaragua, however, appears to prefer a bilateral agreement, in lieu of Contadora.

On February 27, 1985, in a move that appeared designed primarily for public relations impact, President Ortega announced Nicaragua's intention to send home 100 Cuban military advisers; to suspend, for the time being, acquisition of new armaments, including "interceptor aircraft"; and to invite a U.S. congressional delegation to visit Nicaragua. The moratorium on new armaments systems is potentially significant, but only if it proves more far-reaching and permanent. The offer to send home 100 of the 2,500-3,500 Cuban military advisers could be significant, provided that it would be the beginning of a continuing withdrawal to be undertaken in the near term as part of an overall settlement.

We have communicated to all concerned our willingness to resume bilateral talks if that would contribute to a comprehensive agreement within Contadora. On March 2, Secretary of State Shultz met with Nicaraguan President Daniel Ortega in Montevideo, Uruguay, to explore such possibilities. We are looking to the Contadora negotiations for evidence of Nicaragua's willingness to negotiate seriously. Normal diplomatic channels remain open to continue this dialogue.

Internal Dialogue in El Salvador and Nicaragua

We strongly support President Duarte's dialogue with Salvadoran guerrillas. The lack of a parallel development in Nicaragua was 1984's major disappointment.

In a speech to the UN General Assembly on October 8, 1984, Salvadoran President Jose Napoleon Duarte proposed to meet military representatives of the Salvadoran guerrillas in La Palma, El Salvador. That offer was accepted by the FMLN/FDR and meetings took place on October 15 in La Palma and on November 30 in Ayagualo.

At the first meeting, on October 15, President Duarte personally offered the insurgents the opportunity to be reincorporated into civil and political society, including the chance to participate in upcoming municipal elections. Public hopes that the talks might lead to an early agreement to end the war were dealt a blow by the guerrillas' reversion to uncompromising demands in the second round on November 30. This hardening contradicted public statements made in the United States by FDR representatives that guerrilla groups might participate in the March 1985 nationwide municipal and assembly elections.

The dialogue that was begun at La Palma and continued at Ayagualo has not yet resolved the major disagreements in the Salvadoran conflict. Its initiation, nevertheless, crossed a threshold of enormous significance. That President Duarte was able to meet with the guerrillas and lead his government to those talks reflects the dramatic change that has taken place in Salvadoran politics. President Duarte's initiative began the process of discussions that make it possible for the rebels to be incorporated into their society within a fully representative political system. We expect the dialogue will resume after the March 31 elections.

Nicaragua's 1984 elections proved to be an opportunity for a breakthrough that was, unfortunately, lost. The willingness of resistance forces to lay down their arms if allowed to participate in genuinely free and fair democratic elections had been on record, in writing, since December 1983. During the late spring and early summer of 1984 a coordinated democratic opposition (the *Coordinadora*) looked to the highly respected Arturo Cruz, a former member of the Sandinista government, to lead it in the November 1984 elections. Although Cruz

did not represent the armed opposition, few doubted that the entry into the campaign of this former junta member would help redirect Nicaragua's political life toward democratization.

Negotiations between the Sandinistas and the democratic opposition (brokered by the Socialist International) took place in Rio de Janeiro in early October 1984. They collapsed, however, and the Sandinistas withdrew their proposal; the democratic opposition agreed to participate on the basis proposed but was powerless to create the conditions necessary in the face of Sandinista intransigence.

The Nicaraguan opposition, armed and unarmed, continues to seek a dialogue with the Sandinistas. On March 2, 1985, several resistance organizations specifically and formally called for a Catholic Church-sponsored dialogue with the FSLN. Their manifesto—announced in San Jose, Costa Rica, by opposition leaders Arturo Cruz, Adolfo Calero, and Alfonso Robelo—included the following elements:

- Convocation by the Nicaraguan bishops conference;
- Suggestion that other Central American governments act as guarantors of any agreements reached;
- The presence as observers or guarantors of any other hemispheric governments;
- Suspension of all armed activities and a cease-fire in place; and
- Acceptance of Daniel Ortega "as head of the executive branch until such time as the people pronounce themselves in a plebiscite."

The response, at this writing, of the Sandinistas has been twofold. On March 7, Arturo Cruz, who was attempting to present the offer to the Nicaraguan Government, was denied entry into Nicaragua. Two days later, the Interior Minister summoned 10 leaders of the unarmed opposition to accuse them of conspiring with anti-Sandinista guerrillas.

On March 22, 1985, Nicaragua's Roman Catholic bishops expressed their "willingness to mediate in an internal dialogue." In doing so, the bishops explicitly recalled their Easter pastoral of April 22, 1984, which called for "all Nicaraguans inside and outside the country . . . [including] Nicaraguans who

have taken up arms against the government," to participate in "a sincere effort to seek appropriate solutions . . . in a climate of democratic harmony."

The Contadora Document of Objectives calls for "national reconciliation efforts wherever deep divisions have taken place within society, with a view to fostering participation in democratic political processes. . . ." The Sandinistas based their ascent to power on democratic claims and promised free elections. The world is still waiting.

Western Europe

Several West European governments during the past year have shown an interest in supporting democratic development in Central America. West Germany, for example, returned a resident ambassador to El Salvador prior to the first round of general elections there last March and subsequently renewed a program of economic assistance, suspended since 1979. Many West European governments sent official observers to both rounds of the Salvadoran elections.

President Duarte was well received in visits to Belgium, France, West Germany, Portugal, and the United Kingdom in July, as was Costa Rican President Monge during a West European tour in June. The West Europeans have given the Contadora process and the U.S.-Nicaraguan talks at Manzanillo their strong support and encouragement. They have joined us in welcoming President Duarte's dialogue with Salvadoran guerrillas.

West Germany's Willy Brandt and other Socialist International leaders attempted to persuade the Sandinistas to create conditions to enable the *Coordinadora* to participate in the election. When that effort failed, few official observers attended the Nicaraguan elections.

Cuba and the Soviet Union

We have made our positions on Central American issues clear to both the Cuban and Soviet Governments. In particular, we have communicated our concerns regarding Cuban and Soviet military activities within and outside Nicaragua. The Commission's analysis and recommendations reaffirmed our view that we should discourage other governments from thinking we would support initiatives or measures that would tend to legitimize a Cuban or Soviet role in the region. ■

APPENDIX A: Summary of Commission Report

OUTLINE

The report, which was dedicated to Senator Henry Jackson and transmitted to the President on January 10, 1984, consisted of the following chapters:

1. Introduction and basic themes.
2. Placed crisis in larger hemispheric context.
3. Provided historical perspective.
4. Examined prospects for economic and political development; presents recommendations.
5. Discussed social issues—health and education particularly—and makes recommendations.
6. Explored security issues and recommends U.S. action.
7. Looked at diplomatic aspects and offers recommendations on pursuing negotiated settlements.
8. Conclusion.

—On security and diplomatic issues, the report dealt with El Salvador, Honduras, Nicaragua, Guatemala, and Costa Rica. Panama and Belize were included for discussion of development programs.

MAJOR THEMES SET FORTH IN THE COMMISSION REPORT

—The crisis in Central America is acute. Its roots are indigenous—in poverty, injustice, and closed political systems. But world economic recession and Cuban-Soviet-Nicaraguan intervention brought it to a head.

—The crisis will not wait. It must be addressed at once and simultaneously in all its aspects. Ultimate resolutions depend on economic progress, social and political reform. But insurgencies must be checked if lasting progress is to be made on these fronts.

—Indigenous reform, even indigenous revolution, is no threat to the United States. But the intrusion of outside powers exploiting local grievances for political and strategic advantage is a serious threat. Objective of U.S. policy should be to reduce Central American conflicts to Central American dimensions.

—United States has fundamental interests at stake: Soviet-Cuban success and resulting collapse of Central America would compel substantial increase in our security burden or redeployment of forces to detriment of vital interests elsewhere.

—As a nation we have deep and historic interest in promotion and

preservation of democracy. Report concludes that pluralistic societies are what Central Americans want and are essential to lasting solutions. In this case, our strategic interests and our ideals coincide.

—Central Americans desperately need our help, and we have a moral obligation to provide it. The United States and other nations can make a difference. But, in the end, solutions will depend on the efforts of Central Americans themselves.

—Although there is urgent need for action, no quick solutions can be expected. The United States must make a long-term commitment and stick to a coherent policy.

—That policy can and should be bipartisan. Commission found wide consensus on principles and objectives.

POLITICAL AND ECONOMIC DEVELOPMENT

—Central American economies grew substantially during the 1960s and early 1970s. But income distribution was highly inequitable, except in Costa Rica and Panama.

—Trend toward more pluralistic political systems in El Salvador, Guatemala, and Nicaragua reversed in early 1970s.

—World recession and rising political violence had catastrophic effect on region's economies in late 1970s, early 1980s. All have declined dramatically. El Salvador's gross domestic product is off 25% since 1978.

—Even with successful stabilization programs and restored political stability, per capita wealth in 1990 would only be three-quarters of what it was in 1980.

—There must be substantial increase in outside assistance.

—Commission believes economic development cannot be separated from political and social reform. Objective must be parallel development of pluralistic societies and strong economies with far more equitable distribution of wealth.

—We propose a program of U.S. assistance designed to promote economic growth, democratization, and greater social equity.

—We encourage the greatest possible involvement of the U.S. private sector in the stabilization effort. Recommend the formation of an emergency action committee of private sector personalities to provide advice on new private-public initiatives to spur growth and employment.

Recommendations: An Emergency Stabilization Program

—Leaders of the United States and Central America should meet to initiate a comprehensive approach to economic development of the region and reinvigoration of the Central American Common Market.

—A \$400 million supplemental in FY 1984, over and above the \$477 million now in the budget for the seven countries. There is urgent need to stabilize economies now going downhill very fast.

—Focus this assistance on labor-intensive infrastructure projects and housing. Unemployment is a critical problem—politically and economically.

—Establish a program to provide U.S. Government guarantees for short-term trade credits. External credit has dried up. Without it economies cannot be reactivated.

—Provide an emergency loan to the Central American Common Market to permit the reactivation of this vital organization. Lack of resources in the market to settle trade accounts among the countries has stalled it.

—U.S. Government should take an active role in the efforts to resolve the external debt problems of Central America and should encourage the countries that have not done so to seek multilateral rescheduling.

—Also encourage commercial banks to renegotiate at the lowest possible interest rates.

Recommendations: Medium and Long-Term

—Commission estimates \$24 billion in net external exchange inflows needed by 1990 to foster a growth rate of 3% per capita, returning these countries to pre-recession levels of per capita wealth. About half—\$12 billion—is expected to come from international institutions, other donor countries and loans, and investments from private sector sources.

—U.S. Government will have to provide as much as \$12 billion if these financing needs are to be met.

—We propose, in this context, a program of \$8 billion over next 5 fiscal years (FY 1985–89) in U.S. Government assistance. This would be divided very roughly into about \$6 billion in appropriated funds and about \$2 billion in contingent liabilities covering guarantees, insurance, and the like.

—Compared with current projections for FY 1985–89, these contributions would constitute an increase of about \$2.8 billion in appropriated funds and \$0.7 billion in contingent liabilities over the 5-year period.

—Urge that Congress authorize multiyear funding of this program. Commission believes firm, long-term commitment is essential.

—To give form and structure to the development effort, suggest establishment of the Central American Development Organization (CADO). Perhaps one-quarter of U.S. aid could be channeled through CADO.

—CADO would consist of the United States and those countries of the seven willing to commit themselves to internal democracy and reform. Continued membership would depend on demonstrated progress toward those goals. Adherence to regional security pact also required.

—Nicaragua could participate by meeting these conditions.

—CADO's principal body would be a Development Council with tripartite, ILO [International Labor Organization]-style representation. Would assess program and progress toward economic growth, democratization, reform, and preservation of human rights.

—Other democracies would be invited to join.

Additional Recommendations

—Expanded assistance from the U.S. Government for democratic institutions and leadership training—neighborhood groups, cooperatives, binational centers, and visitor programs for leaders of labor unions, local governments, and other organizations.

—Require a firm commitment by the Central Americans to economic policies, including reforms in tax systems, to encourage private enterprise and individual initiative, to create favorable investment climates, to curb corruption where it exists, and to spur balanced trade.

—Urge extension of duty-free trade to Central America by other major trading nations.

—Review nontariff barriers to imports from Central America with a view toward using whatever flexibility that exists within the framework of multilateral agreements to favor Central American products.

—Establishment of the Central American Development Corporation—a privately owned venture-capital company which could initially be financed by a loan from the U.S. Government.

—Recommend that the United States join the Central American Bank for Economic Integration.

—Technical and financial support for export promotion and a U.S. Government review of nontariff barriers to Central American imports.

—Expanded availability of insurance guarantees for new investments from the U.S. Government's Overseas Private Investment Corporation.

—Increased focus in assistance programs on small business and accelerated agricultural development—particularly in production of food for domestic consumption.

HEALTH AND EDUCATION

—Democracy and prosperity in the region require accelerated human development. Hunger, disease, and illiteracy sap a people's vitality and impede the growth of viable democratic institutions.

—Literacy rates are unacceptably low in several countries (e.g., Guatemala, 45%; El Salvador, 63%; Honduras, 60%), handicapping education efforts seriously.

—Widespread malnutrition also handicaps education by sending physically and mentally underdeveloped children to school.

—Goals should include a reduction of malnutrition, elimination of illiteracy, expanded education, health, and housing opportunities.

—Initial efforts must be to increase food assistance to Central America through the PL 480 programs.

—Commission calls for formation, under direction of the Peace Corps, of a Literacy Corps and a Central American Teachers Corps.

—To meet needs in higher education, U.S. Government scholarships should be raised to approximately 10,000 over 4–6 years, a level comparable to Cuban and Soviet Union efforts.

—Educational reform can also be encouraged in the areas of technical and

vocational education through the expansion of the International Executive Service Corps and through closer cooperation with Central American universities to improve the quality of education.

—Judicial systems in Central America can be strengthened by providing resources for training judges, judicial staff, and public prosecutors.

—Continuation and expansion of existing programs for disease control and eradication, as well as immunization and oral rehydration.

—Training of primary health workers, especially nurses, should be expanded and the means developed to integrate private and public financing of health services.

—Assistance programs should target the area's severe housing shortage.

—Training of public administrators required to improve public service.

—U.S. Government should provide more resources to meet critical problem of refugees and displaced persons—more than 1 million of them need help.

SECURITY ISSUES

—In El Salvador there are two separate conflicts: (1) between those seeking democratic reform and those seeking to retain their privileges; (2) between Marxist-Leninist guerrillas and those who oppose Marxism-Leninism.

—In discussing the latter we identify three general propositions about such guerrilla movements:

- (1) They depend on external support. Without it they are unlikely to succeed.
- (2) They develop their own momentum which reform alone cannot stop.
- (3) Victorious, they create totalitarian regimes, even though they have enlisted support of democratic elements in order to project democratic, reformist image.

—External support comes from Soviet Union, Cuba, and now Nicaragua. Cuba has developed into a leading military power through Soviet assistance. Since Sandinista victory, Soviets have come around to support Cuban strategy of armed road to power in Central America.

—There are serious strategic implications for the United States in Soviet-Cuban support for armed insurgency in the region.

—Triumph of hostile forces there could require us to devote large resources to defend our southern approaches.

—This could mean either substantially increased defense burden for the United States or redeployment of forces to the detriment of our interests elsewhere.

—Threat to our shipping lanes in the Caribbean.

—Increased violence and dislocation in the area from which we could not isolate ourselves.

—Erosion of our power to influence events worldwide as we are perceived as unable to influence events close to home.

El Salvador

—The war is stalemated, a condition to the ultimate advantage of the guerrillas.

—U.S. military assistance is inadequate to permit modern, humane, and successful counterinsurgency.

—Commission recommends that the United States provide significantly increased levels of military assistance for greater mobility, more training, higher force levels, and more equipment.

—Assistance is to be conditioned through legislation on terminating death squads, progress toward democracy, and establishment of the rule of law.

—In Guatemala, such assistance should only be provided if the same terms are met.

—Increased military assistance also needed for Honduras to build a credible deterrent and to meet renewed efforts at insurgency.

—Commission concludes that U.S. security interests are importantly engaged in Central America. Larger program of military assistance needed, as well as expanded support for economic growth and social reform.

—Success will depend on an end to massive violations of human rights and the neutralization of external support for the insurgencies.

THE SEARCH FOR PEACE

—A successful U.S. political strategy in Central America requires resources to promote economic growth; vigorous efforts to advance democracy and reform; other inducements and penalties.

—General strategic objective of U.S. diplomacy in Central America should be to reduce the civil wars, national conflicts, and military preparations to Central American dimension.

—Specifically, we should seek to stop the war and killing in El Salvador. Create conditions under which Nicaragua becomes a peaceful and democratic member of the Central American community. And open the way for democratic development in all countries.

—Commission calls for negotiations in El Salvador between guerrillas and the government to be elected in March to establish conditions for later legislative and municipal elections in which all could participate: electoral commission with FMLN/FDR representation, cease-fire, and end to all violence; international observation of elections.

—Adequate economic and military assistance from the United States can help to achieve such a settlement.

—Commission believes military stalemate works against rather than for a political settlement based on the popular will.

—In Nicaragua, consolidation of a Marxist-Leninist regime would create a permanent security threat. Nicaragua's mainland location makes it a crucial stepping-stone to promote armed insurgency in Central America. Cuban personnel (2,000 military advisers and 6,000 civilian officials); several hundred Soviet, East European, Libyan, and PLO [Palestine Liberation Organization] advisers; extensive arms deliveries (13,000 tons in 1983) add an external dimension to the threat posed by Nicaragua to its neighbors.

—What gives the current situation its special urgency is the external threat posed by the Sandinista regime in Nicaragua; supported by Cuban military strength; backed by Soviet weapons, guidance, and diplomacy; and integrated into the Cuban network of intelligence and subversion.

—Central American leaders believe pluralistic political orders are essential to long-term security.

—An alternative would be an attempt at containment. But that would threaten militarization of the isthmus—the creation of garrison states. Democracy would wither. And the United States could find itself as surrogate policeman.

—Commission proposes comprehensive regional settlement based on:

- (1) Respect for sovereignty and nonintervention.
- (2) Verifiable commitments to nonaggression and an end to all attempts at subversion—covert or overt.

(3) Limitations on arms and sizes of armed forces. Prohibition of foreign forces, bases, and advisers.

(4) No military forces, bases or advisers of non-Central American countries would be permitted.

(5) Commitment to internal pluralism and free elections in all countries.

(6) Provision for verification of all agreements.

(7) Establishment of an intergovernment council to meet regularly to review compliance.

(8) Adherence to the overall agreement would be required for membership in the Central American Development Organization.

—The United States would support the agreement and provide assistance and would commit itself to respect results of elections within countries as long as principles of pluralism at home and restraint abroad observed.

—Commission's proposal based on and amplifies 21 points of the Contadora Group.

—Commission fully endorses Contadora efforts.

—Finally, majority of Commission opposes dismantling existing incentives and pressures for the regime in Managua to negotiate seriously.

—As for Cuba, Commission sees little possibility of separating it from Soviet Union. But the United States should be prepared to negotiate seriously if Cuba were to show itself prepared for genuine coexistence, dropping support for insurgency in Central America and revolutionary violence elsewhere in the world.

—As for Soviet Union, establishment of Soviet military base in Nicaragua is not the major concern. Before that could have happened, the crisis would have reached proportions not containable in Central American dimensions.

—There is little promise in negotiating with the Soviet Union over Central America. Soviets would seek to cast such negotiations in terms of sphere of influence, an unacceptable concept for the United States.

APPENDIX B: Legislative Update

1984 Authorization

At the request of the Administration, legislation embodying the President's Central America Democracy, Peace, and Development Initiative (the Central American initiative) for FY 1984 through 1989 was introduced in the House of Representatives on February 21, 1984 (H.R. 4874) by Representative Dante Fascell (D-FL), Chairman of the House Foreign Affairs Committee, and in the Senate on February 27 (S. 2347) by Senator Charles Percy (R-IL), Chairman of the Senate Foreign Relations Committee.

Each committee sought to act expeditiously on the proposals by including them as part of the FY 1985 worldwide foreign assistance bill, the International Security and Development Cooperation Act of 1984 (H.R. 5119). Because of internal disagreements, the House Foreign Affairs Committee removed the Central American section from the foreign aid bill when the committee reported the legislation to the House of Representatives on March 15. On May 10, the House adopted by a vote of 211-208 an amendment to H.R. 5119 proposed by Representatives William Broomfield (R-MI) and John Murtha (D-PA) which contained most of the President's proposals for FY 1984 and 1985. H.R. 5119, containing the Central American initiatives, was then approved by the House.

In the Senate, neither the initiative nor the FY 1985 foreign aid bill reached the floor for consideration. On April 11, the Senate Foreign Relations Committee voted out the foreign assistance legislation (S. 2582), but an amendment by Senator Mathias (R-MD) incorporating much of the Central American proposal failed on a tie vote.

The Senate did not act on S. 2582 before adjourning on October 12. End-of-session efforts by both authorization committees to attach the foreign aid authorization bill, including the Central American initiative, to the Continuing Resolution failed in the appropriations conference for procedural reasons. However, authorization for the trade credit insurance program was included in the Continuing Resolution (P.L. 98-473).

1984 Appropriations

Initial funding for the Central American initiative was approved by the Congress in 1984 in the Supplemental Appropria-

tions Act for 1984 (P.L. 98-396) and in the FY 1985 Continuing Resolution (P.L. 98-473).

The President sent to Congress on February 21 a request for legislation to provide supplemental appropriations for FY 1984, including \$659 million in economic and military assistance for Central America. The House Appropriations Committee reported the Supplemental Appropriations Act for 1984 (H.R. 6040) on July 27. This bill, passed by the full House on August 1, did not provide any military assistance for El Salvador and reduced overall funding for Central America to \$156 million. The House approved this funding level and passed the bill on August 1.

On August 2, in its version of H.R. 6040, the Senate Appropriations Committee adopted and reported the full FY 1984 supplemental funding levels requested for Central America. On August 8, the full Senate approved the President's request.

The House-Senate conference on the bill filed its report on August 10 with Central American funding unresolved. The impasse was broken the same day when the House adopted by a vote of 234-161 an amendment by Representatives Jack Kemp (R-NY) and John Murtha (D-PA) to restore most of the Administration's request. The Senate then accepted the House position, also on August 10.

Presidential signature of the bill (P.L. 98-396) on August 22 enabled the Administration to obtain \$510 million for the implementation of Commission recommendations. Combined with \$61.75 million in emergency military assistance for El Salvador that the Congress provided earlier in the Supplemental Appropriations Act for the Department of Agriculture for 1984 (P.L. 98-322), the Administration in 1984 received \$571.75 million of the President's original supplemental request of \$659 million for Central America.

The FY 1985 Continuing Resolution (P.L. 98-473), enacted on October 12, contained additional funding for Central America. In the Continuing Resolution, the Congress approved almost all of the funds requested by the Administration for FY 1985 in support of the Commission recommendations. Of a request for \$1,030 million for economic assistance and \$262 million for military assistance, the amounts appropriated were \$979 million and \$237 million, respectively.

1985 Legislation

The Central America Democracy, Peace, and Development Initiative is contained in Title IV of the Administration's proposed International Security and Development Cooperation Act of 1985, transmitted to the Congress on March 7 and introduced in the Senate (S. 660) on March 14 by Senator Richard Lugar (R-IN), Chairman of the Senate Foreign Relations Committee, and in the House on March 19 by Representative Dante Fascell (D-FL), Chairman of the House Foreign Affairs Committee. The legislative proposal retains the principal elements of the 1984 authorization bill, including multiyear, nonmilitary authorization and authorities for economic assistance coordination, administration of justice, and land reform.

The Administration's request for FY 1986 appropriations for Central America is for a total of \$1,053 million in economic assistance and \$261 million in military assistance. Congressional consideration of these proposals began in mid-March. The proposed initiative establishes a long-term framework to build democracy, restore peace, and improve living conditions in Central America and authorizes nonmilitary assistance for FY 1987-89. The bill contains amendments to the Foreign Assistance Act in order to carry out a number of the recommendations of the National Bipartisan Commission on Central America.

Section 401: Central America Democracy, Peace, and Development Initiative. This section amends Part I of the Foreign Assistance Act by adding a new chapter 6 entitled "Central America Democracy, Peace, and Development Initiative." The chapter contains six sections (sections 461-466) which include a statement of policy, the conditions imposed on the furnishing of assistance, the authorization for the establishment of an organization to promote cooperation in economic development among the countries of Central America and the United States, and a multiyear authorization of nonmilitary assistance funds.

Section 461 of the proposed chapter contains the findings of Congress that the building of democracy, the restora-

tion of peace, and the improvement of living conditions in Central America are important to the interests of the United States and the community of American states. The section also stresses the importance of dealing effectively with the interrelated social, humanitarian, economic, political, diplomatic, and security issues to assure a democratic and economically and politically secure Central America. Congress further recognizes that, although the achievement of democracy, human rights, peace, and equitable economic growth depends primarily on the people and governments of Central America, the United States can make a significant contribution through a policy that includes a long-term commitment of both economic and military assistance.

Section 462 provides that the President ensure that the assistance authorized by this chapter is furnished in a manner that fosters demonstrated progress and commitment to the objectives set forth in section 461. In doing so, the President under this section would consult with Congress on progress toward those objectives and on conditions imposed on the furnishing of assistance.

Section 463 is a statement of support for the initiatives taken by the Contadora Group and the September 1983 Document of Objectives agreed to by the nine countries involved and affirms that the United States should provide assistance and support as may be appropriate in helping to reach agreements which will ensure peaceful and enduring solutions to the Central American conflicts.

Section 464 states the finding by Congress that the participation of the United States and Central American countries in an effective forum for continuous review and advancement of Central America's political, economic, and social development would further the purposes of the Foreign Assistance Act. This section further states the sense of Congress that the President enter into negotiations with representatives of Central American countries to establish an organization for economic cooperation based upon principles stated in the section. This section then authorizes the President to participate in such an

organization, with the Administrator of the Agency for International Development as the U.S. representative.

This organization is not intended to be a bureaucratic entity in competition with bilateral or multilateral donor organizations. The organization should be composed of public and private sector representatives from participating countries and should draw on the experience of the International Labor Organization in joining together representatives from business, labor, and government. The number of professional staff of the organization should be kept to a minimum.

Section 465 contains a multiyear authorization for the furnishing of nonmilitary assistance for Central American countries for each of the fiscal years 1987-89.

Section 466 provides that for purposes of this chapter, the term "Central American countries" includes Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and regional programs which benefit those countries.

Section 402: Administration of Justice. In accordance with the recommendations of the Commission that the United States help strengthen judicial systems and that Congress consider authorizing the training and support of law enforcement agencies under carefully defined conditions, this section authorizes the use of funds made available for economic assistance programs for projects designed to strengthen the administration of justice in Latin American and Caribbean countries. These projects would include activities for judges, prosecutors, and criminal investigation agencies.

Section 403: Land Reform Programs. This section amends Section 620(g) of the Foreign Assistance Act to authorize the President to make available to governments assistance to compensate their nationals in accordance with a land reform program, if the President determines that monetary assistance for such land reform will further the national interests of the United States.

APPENDIX C:**Foreign Assistance for Central America: FY 1983, 1984, 1984 Supplementals, and 1985; FY 1986 Request¹**

\$ millions

	<i>Economic Assistance</i>				<i>Military Assistance</i>			
	ESF	Development Assistance	PL 480	TOTAL	MAP	FMS	IMET	TOTAL
Belize								
1983	10.0	6.7	0.0	16.7	0.0	0.0	0.066	0.066
1984	0.0	3.9	0.0	3.9	0.5	0.0	0.049	0.549
1984 supplemental	10.0	1.4	0.0	11.4	0.0	0.0	0.000	0.000
1985	4.0	6.0	0.0	10.0	0.5	0.0	0.075	0.575
1986 request	4.0	6.8	0.0	10.8	1.0	0.0	0.100	1.100
Costa Rica								
1983	157.0	27.2	28.2	212.4	2.5	0.0	0.125	2.625
1984	70.0	15.0	22.5	107.5	2.0	0.0	0.133	2.133
1984 supplemental	60.0	6.2	0.0	66.2	7.0	0.0	0.000	7.000
1985	160.0	13.8	28.0	201.8	9.0	0.0	0.200	9.200
1986 request	150.0	14.4	23.0	187.4	2.5	0.0	0.225	2.725
El Salvador								
1983	140.0	58.8	43.1	241.9	33.5	46.5	1.300	81.300
1984	120.2	41.1	51.1	212.4	45.0	18.5	1.300	64.800
1984 supplementals	90.2	23.3	0.0	113.3	131.75	0.0	0.000	131.750
1985	195.0	69.7	46.0	310.7	111.8	15.0	1.500	128.300
1986 request	210.0	89.8	50.8	350.6	131.0	0.0	1.600	132.600
Guatemala								
1983	10.0	12.2	4.4	26.6	0.0	0.0	0.000	0.000
1984	0.0	4.4	11.6	16.0	0.0	0.0	0.000	0.000
1984 supplemental	0.0	16.6	0.0	16.6	0.0	0.0	0.000	0.000
1985	12.5	40.1	20.4	73.0	0.0	0.0	0.300	0.300
1986 request	25.0	33.0	19.0	77.0	0.0	10.0	0.300	10.300
Honduras								
1983	56.0	31.2	14.0	101.2	27.5	9.0	0.796	37.296
1984	40.0	31.0	19.3	90.3	40.0	0.0	0.940	40.940
1984 supplemental	72.5	7.3	0.0	79.8	36.5	0.0	0.000	36.500
1985	75.0	41.5	18.4	134.9	61.3	0.0	1.100	62.400
1986 request	80.0	45.0	18.0	143.0	87.0	0.0	1.250	88.250
Panama								
1983	0.0	6.2	1.0	7.2	0.0	5.0	0.450	5.450
1984	0.0	10.7	1.0	11.7	0.0	5.0	0.500	5.500
1984 supplemental	30.0	4.0	0.0	34.0	8.0	0.0	0.000	8.000
1985	20.0	20.0	0.0	40.0	10.0	0.0	0.600	10.600
1986 request	40.0	22.6	0.0	62.6	14.4	4.0	0.650	19.050
Regional Programs								
1983	0.0	19.4	NA ²	19.4	NA	NA	5.325	5.325
1984	0.0	15.5	NA	15.5	NA	NA	5.294	5.294
1984 supplemental	28.0	9.2	NA	37.2	18.5	NA	0.000	18.500
1985	70.0	51.7	NA	121.7	20.0	NA	5.500	25.500
1986 request	91.5	57.0	NA	148.5	0.0	NA	6.500	6.500
Central America Total								
1983	373.0	161.7	90.7	625.4	63.5	60.5	8.062	132.062
1984	230.2	121.6	105.5	457.3	87.5	23.5	8.216	119.216
1984 supplementals	290.5	68.0	0.0	358.5	201.75	0.0	0.000	201.750
1985	536.5	242.8	112.8	892.1	212.6	15.0	9.275	236.875
1986 request	600.5	268.6	110.8	979.9	235.9	14.0	10.625	260.525

¹In addition, State Department, Peace Corps, and USIA programs included in the Central America initiative total \$11.5 million (1984 supplemental), \$86.6 million (1985), and \$72.7 million (1986 request).

²Not applicable.

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